

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

June 6, 2017

The Administrative Committee met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, 16th Floor, Baltimore, Maryland, beginning at 9:30 a.m.

The Trustees present included:

James Harkins, Chairman, Presiding	Kenneth Haines
Theresa Lochte, Vice Chairman	Marc Nicole
Susanne Brogan	Richard Norman

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

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

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Phillip Anthony and Dana Tagalicod

Minutes On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee approved the April 4, 2017 open session meeting minutes.

FY18 Business Mr. Kenderdine, along with David Rongione, Harvey Raitzyk, Chandra Puranam,
Plan Initiatives Ira Greenstein, Andrew Palmer and Michael Golden, reported on the Agency's
FY18 Business Plan Initiatives. *See Attachment A.*

Mr. Kenderdine reported on the plan initiatives that have been completed. Mr. Kenderdine indicated that there was a typographical error regarding the MPAS-2 Project – Improve Data Integrity (Phase 2), in that it should read “Complete.” Each of the new initiatives were then presented to the Committee by each staff member having responsibility for each initiative.

Mr. Kenderdine reported that the enhancement of personal statement of benefits to include more detailed benefit allowance projections and the development of an automated full cost purchase calculator were being deferred to the MPAS-3 project.

Mr. Puranam reported on the near completion of the MPAS-2 project. Approximately 18,000 letters have been mailed out to those members whose service records are being adjusted as a result of the data scrubbing under MPAS-2. Mr. Puranam indicated that the Agency has received approximately 173 calls from members, on the dedicated hotline, regarding the letters. Mr. Puranam further reported that there are approximately 15,000-20,000 records that need to be corrected, however, approximately 5-10% of those records cannot be done through the automated system and must be corrected manually.

Mr. Puranam also reported that all Participating Governmental Units (PGUs) are now using the payroll reporting program and that enhancements to the program are being made to make the program easier to use.

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Mr. Kenderdine reported on the Disaster Recovery Plan, indicating that Staff expects to run a test this month, with twelve retirement counselors from the member services unit performing all of their duties remotely from home. A preliminary test was performed with one retirement counselor and the test was successful.

Mr. Greenstein reported on the Agency's public website, indicating that there is currently an open procurement and the Agency is on the path to issue a Request for Proposals (RFP). Mr. Greenstein indicated that this follows an unsuccessful procurement, which began last year, when the Department of Information Technology (DoIT) informed the Agency that the procurement had to be conducted under State CATS (consulting and technology services) contract. The RFP was issued under the CATS contract and the Agency received five responses from vendors, one of which was rejected and the remaining four vendors were determined to have no public pension experience.

Mr. Greenstein also reported that an RFP has been issued for the MPAS-3/Phase 1 Business Process Re-engineering – Project Design and Planning. A Pre-Bid Conference is scheduled for Tuesday, June 13th and proposals are due by the end of July.

Mr. David Rongione reported that an external peer review will be performed in FY2018, as the last review was conducted in May, 2015 and such reviews are performed every three years.

Mr. Andrew Palmer reported that the Agency was in the process of signing a contract with a vendor to provide internal management consulting services. Staff is working with the vendor to make sure they are properly resourced to take the next step. The objective is to try to lower investment costs by managing certain assets internally.

On a motion made by Mr. Norman and seconded by Ms. Lochte, the Administrative Committee approved the FY18 Business Plan Initiatives for recommendation to the Board of Trustees.

The Committee reviewed the Board of Trustees election schedule¹.

The term of office for the successful candidate in the State Police Retirement System Representative election will be from August 1, 2018 through July 31, 2022.

Trustee Election
Schedule – State
Police Retirement
System
Representative

September 1, 2017 through December 1, 2017	An eligible voter may obtain a nomination form from the Executive Director.
January 31, 2018	Completed nomination forms must be submitted to the Executive Director by an eligible voter by 4:30 p.m.
February 23, 2018	Executive Director certifies that an eligible voter satisfies the conditions set forth in 22.03.01.06 of the Board of Trustees' Regulations

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May 21, 2018	Mailing of election materials to eligible voters, including candidate biographies and personal identification numbers for internet and IVR (telephone) access.
May 22, 2018	IVR (telephone) and website (internet) open for voting.
June 22, 2018	Last date for voting. Deadline is 4:30 p.m.
July 17, 2018 ²	Executive Director announces election results at the July Board of Trustees meeting.
¹ Election schedule subject to approval by contractor.	
² Subject to the Board of Trustees' approval of the 2017 meeting dates	

On a motion made by Mr. Norman and seconded by Mr. Haines, the Administrative Committee approved the State Police System Representative Board of Trustees election schedule for recommendation to the Board.

Adoption of
Amendments to
COMAR
(22.04.02.04) –
Membership in the
Employees'
Pension System

Ms. Kathleen Wherthey presented to the Administrative Committee proposed amendments to the regulations regarding Membership in the Employees' Pension System ("EPS"). Mr. Wherthey pointed out to the Committee, that the cover memorandum located on (agenda) Master Page #26, contained an error. The fourth sentence in the first paragraph should say "The proposed amendment clarifies that receiving fringe benefits also **does not disqualify** employees from contractual status if they receive those benefits due to a statutorily authorized written policy that has been applied uniformly for a defined class of contractual employees as of the date of adoption of this proposed regulation change."

Ms. Wherthey referred to the Agency's contract with the firm CliftonLarsonAllen, which performs compliance reviews of participating employers. It was an audit finding under such a review that raised the question of whether what are known as "Contingent Category II" contractual employees at the University System of Maryland (USM) are required to be enrolled in the EPS because they receive fringe benefits, pursuant to USM policy.

Ms. Wherthey reported that the Agency's current regulation (COMAR 22.04.02.04), generally excludes contractual employees from membership in the EPS, and states several criteria for defining a contractual employee, including that the employee "[e]xcept as provided by law, does not receive any fringe benefits." Under a narrow reading, "by law" could mean only statutes, regulations and reported court decisions, but not an employer's personnel policies. The proposed amended language was drafted to capture all similarly situated contractual employees working for any employer.

Therefore, Staff requests that the Administrative Committee recommend that the Board of Trustees propose for adoption, and publication in the Maryland Register for comment, the amendments to COMAR 22.04.02.04, which clarifies when contractual employees are excluded from enrollment and membership in the EPS. The proposed amendment clarifies that receiving fringe benefits also does not disqualify employees from contractual status and requires enrollment

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of the employees in the EPS if they receive those benefits due to a statutorily authorized written policy that has been applied uniformly for a defined class of contractual employees as of the date of adoption of this proposed regulation change.

Ms. Brogan asked if a contractual employee could purchase the time.

Mr. Raitzyk responded in the affirmative.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee voted to recommend that the Board of Trustees propose for adoption, and publication in the Maryland Register for comment, the amendments of the regulation.

Town of Cheverly –
Participation in the
Employer Pick-Up
Program

Mr. Kenderdine reported that the Town of Cheverly submitted a resolution to withdraw eligible law enforcement personnel from the Employees' Pension System and transfer them to the Law Enforcement Officers' Pension System.

Mr. Kenderdine reported that since State Personnel and Pensions Art., § 31-302 allows law enforcement personnel to withdraw and transfer from one State system to another State system without approval by the Board of Trustees, this matter is before the Committee as an informational item.

Mr. Kenderdine reported, however, that the Town of Cheverly also submitted to the Board for its approval, a request to participate in the Employer Pick-Up Program effective July 1, 2017. A copy of the signed resolution by the Town of Cheverly was provided to the Committee in the agenda packet.

Ms. Brogan asked as to the impact on unfunded liability when employees transfer from the EPS to LEOPS.

Ms. Cohen responded that in accordance with the statute, the assets of the employees transferring to LEOPS are to be transferred, and that the actuary determines a special accrued liability contribution or credit on account of the employees that transfer to LEOPS.

Ms. Brogan asked if the affected members' service credit shifts over to the new plan.

Ms. Cohen responded that the service credit is to be transferred to the new System.

On a motion made by Ms. Lochte and seconded by Mr. Nicole, the Administrative Committee approved the Town of Cheverly's request to participate in the Employer Pick-Up Program, effective July 1, 2017, for recommendation to the Board of Trustees.

Finance Reports

Ms. Melody Countess and Mr. Van Lewis presented the Administrative Expenses Report for the quarter ending March 31, 2017. Mr. Lewis reported that the Agency has spent, to date, 70.0% of the FY2017 Appropriation amount,

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with a projected end-of-fiscal year balance of \$887,313, which is primarily attributable to the custodial banking services contract not being finalized, as of the date of the report.

Mr. Harkins asked for an explanation regarding the custodial banking services.

Mr. Kenderdine responded that this procurement which is conducted by the Treasurer's office has taken longer than originally projected.

Ms. Brogan asked about the overages in the actuarial services and banking services line items.

Mr. Lewis responded that costs are driven by the total number of projects assigned to the actuary and by the total transactions performed by the bank. The cost fluctuates each year, as the System cannot precisely predict the extent of these services when each year's budget is constructed.

Mr. Van Lewis presented the MBE Performance Report for the quarter ending March 31, 2017. Mr. Lewis reported that MBE Performance was 26.60%, which is below the Administrative MBE performance goal of 29.0%.

Member Services
Update

Mr. Raitzyk reported that the Member Services unit was able to meet its performance goals for both the call abandonment rate and for the average call wait time for April 2017. The unit's call abandonment rate was 5.84% and the average speed of answer was 0:92.

Ms. Brogan asked for clarification in the survey comment where a member asked that the Agency schedule days regionally rather than making everyone come to Baltimore.

Mr. Raitzyk responded that in the past retirement counselors would be assigned to go to regional offices, but lately all retirement counselors have been kept in-house in order to achieve performance goals.

Ms. Brogan asked as to the nature of these regional meetings, if they are retirement seminars or an opportunity for a member to sit one-on-one with a counselor to ask questions about their account.

Mr. Raitzyk responded that the regional meetings are for members to speak one-on-one with a retirement counselor.

On a motion made by Mr. Norman and seconded by Mr. Haines, the Administrative Committee voted to meet in a Closed Session beginning at 10:28 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

1. reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;

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2. receiving advice from Board counsel concerning insurance for the System's fiduciaries, pursuant to General Provisions Art., § 3-105(b)(7), to consult with counsel to obtain legal advice; and
3. discussing the findings of an internal audit concerning the Electronic Funds Transfers (EFT) of several retirees, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceedings or matter, including, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-331 regarding the prohibition on disclosing certain information about public employees.

CLOSED SESSION

The Trustees present included:

James Harkins, Chairman, Presiding	Kenneth Haines
Theresa Lochte, Vice Chairman	Marc Nicole
Susanne Brogan	Richard Norman

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

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

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

On a motion made by Mr. Nicole and seconded by Mr. Haines, the Administrative Committee returned to open session at 11:06 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

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

Closed Session Minutes	The Committee reviewed and approved the April 4, 2017 closed session minutes.
Adjournment	There being no further business before the Committee, on a motion made by Mr. Nicole and seconded by Mr. Haines, the meeting adjourned at 11:07 a.m.


Respectfully submitted,



R. Dean Kenderdine,
Secretary to the Board

ATTACHMENT A

MEMORANDUM

TO: Members of the Administrative Committee
FROM: R. Dean Kenderdine, Executive Director 
DATE: May 30, 2017
RE: Fiscal 2018 Business Plan

The Maryland State Retirement and Pension System's Business Plan for fiscal year 2018 was developed with the input of all senior staff and is presented by the Executive Director for recommendation by the Administrative Committee to the Board of Trustees. The purpose of the Business Plan is to set out the key business initiatives continued from previous fiscal year(s) and any new initiatives to be undertaken in fiscal year 2018 that support the mission and goals of the Agency and the specific performance measures established by the Agency. The Business Plan has been developed in accordance with the Business Planning Policy adopted by the Board of Trustees, which requires that the Business Plan be reviewed and updated annually.

DOCUMENT OVERVIEW

The Business Plan comprises:

Section 1 states both the mission and vision of the Retirement System, which provide overarching guidance for the management of the Agency. (Not included in this document as it is unchanged.)

Section 2 provides a brief overview of the Agency as a whole and of each of the key divisions within the Agency, and describes the various goals and performance measures established within the Agency to help ensure fulfillment of the Agency's Mission. (Not included in this document as it will be revised based on end-of-fiscal year 2017 data.)

Section 3 sets out the Agency's business plan initiatives. Each initiative is accompanied by a brief description of the initiative, the expected outcome, projected timeline, and linkage to the objectives of the Agency. (Attached.)

Project Number	Initiatives	Division	Completion Date	Status
<i>Completed Business Initiatives</i>				
17BA/BO01	Implementation of New Annuity and Option Factors	Benefits Administration Division & Business Operations Office	Jun-17	COMPLETE
09BO02-2	MPAS-2 Project - Improve Data Integrity (Phase 2)	Business Operations Office	Jul-16	Will be COMPLETE 7/1/2017
09BO02-3	MPAS-2 Project – Improve Data Integrity (Phase 3)	Business Operations Office	Aug-17	Will be COMPLETE 8/1/2017
11IS01	Revision of Revenue Control Transmittals and PGU Payroll Reporting	Information Systems Division	Dec-16	COMPLETE
17IA01	Implement AutoAudit Modules	Internal Audit Division	Jun-17	COMPLETE
17BO01	Automate the Average Final Compensation (AFC) Calculations	Business Operations Office	Aug-17	Will be COMPLETE 8/1/2017
17IS01	Disaster Recovery Plan – I.S. Desktop Walk-Through Exercise	Information Systems Division	Dec-16	Will be COMPLETE 6/30/2017
17BA02	Updating of Information Provided to the System’s Actuary for the Annual Valuation	Benefits Administration Division	Jun-17	COMPLETE
<i>New & On-going Business Initiatives</i>				
14BA04	Review and Revision of Code of Maryland Regulations	Benefits Administration Division	Ongoing	<p>During FY17, regulations that delegate final decision making authority for disability appeals to the Office of Administrative Hearings took effect on 11/24/2016.</p> <p>Regulations that update the option and annuity factors used for making calculations related to benefit payments took effect on 8/15/2016.</p> <p>In June 2017, regulations clarifying that membership in the Employees’ System is not required for certain contractual employees, will be brought to the Board for approval.</p>

Project Number	Initiatives	Division	Completion Date	Status
16BA01	Enhancement of Personal Statement of Benefits to include more detailed benefit allowance projections	Benefits Administration Division	TBD	This project is being deferred due to the decision to place higher priority in the backlog of data processing projects. This is necessary, in order to position Agency resources for the MPAS-3 project. Deferring will also allow for greater functionality at lower cost.
17BA01	Development of an Automated Full Cost Purchase Calculator	Benefits Administration Division	Jun-18	Agency is deferring this project until resources are available. Implementation requires legislative changes to enact a new purchase of service practice that allows for member purchases at any time during membership. The MPAS-3 project will incorporate this functionality if not achieved prior to the start of the MPAS-3 project.
14BO02	Analysis and Re-Engineering of Processing and Administration of Domestic Relation Orders within MPAS	Business Operations Office	Dec-17	This project is on course for completion December 2017.
17EA/IS01	MSRA Public Website	External Affairs & Information Systems Divisions	Jan-18	This project is delayed due to difficulties in the procurement of a qualified website design contractor. Agency now in second attempt.
18BA/BO/IS01	MPAS-3/Phase 1 Business Process Re-engineering – Project Design and Planning	Benefits Administration Division, Business Operations Office, and Information Systems	Jun-18	New initiative: Identification and documentation of process revisions, and, the identification and documentation of required technology will be accomplished in this first phase of MPAS-3.
18IA01	External Peer Review	Internal Audit	Jun-18	New initiative: External peer review will be performed to determine if the Internal Audit Division is performing audits in conformance with Generally Accepted Government Auditing Standards (GAGAS).

Project Number	Initiatives	Division	Completion Date	Status
18ID01	Internal Management Consulting Services	Investment Division	Dec-17	Hire a consultant through an RFI process to assist the Investment Division as it prepares to manage assets internally.

BENEFITS ADMINISTRATION DIVISION - BUSINESS PLAN INITIATIVE

Project 14BA04: REVIEW AND REVISION OF CODE OF MARYLAND REGULATIONS

Project Description: This is an ongoing initiative that will involve a comprehensive review of certain regulations affecting the operations of the Benefits Administration Division. As staff identify concerns with existing, or the need for new regulations, Administration will work with other Agency divisions to ensure that the internal operations and processes are consistent with the regulation and provide complete and accurate information to the public.

Expected Outcome: Updated regulations will be presented to the Administrative Committee and Board of Trustees throughout the fiscal year, and then after Benefits Administration, Executive, and Legislative review, published in the Code of Maryland Regulations

Timing: Ongoing.

Link to Goals: This initiative will directly support the Agency's goal to effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

Budget Implications: This initiative will be completed with existing resources and should result in no additional costs to the Agency.

BENEFITS ADMINISTRATION DIVISION - BUSINESS PLAN INITIATIVE

Project: 16BA01 EXPAND MEMBER PERSONAL STATEMENT OF BENEFITS (Delayed Implementation)

Project Description: At the close of each fiscal year, the Agency issues each active member a Personal Statement of Benefits (PSB). The statement summarizes cumulative member account information and provides estimated benefit projections of the Basic Maximum Allowance payable at early and normal service retirement dates. Beginning with fiscal year ending June 30, 2018, the statement will additionally provide estimates of the benefit allowance for the optional allowance selections that the member may select at retirement.

Expected Outcome: This initiative should result in reducing the number of individual requests filed by individual members throughout the fiscal year.

Timing: This initiative is being deferred to be included as part of the MPAS-3 activities. Consistent with the MPAS-3 goals of seeking optimal solutions, at that time a comprehensive review of functionality will be performed to include providing of benefits under various retirement options, as well as consideration of other enhancements such as providing statements to inactive members. Deferring to a later date when the Agency is able to interact with members via a secure Internet connection will allow for expansion of functionality with an anticipated greatly reduced distribution cost.

Link to Goals: This initiative will directly support the Agency's goal to effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

Budget Implications: This initiative will be completed with expanded Agency and/or MPAS-3 project resources.

BENEFITS ADMINISTRATION DIVISION - BUSINESS PLAN INITIATIVE

Project 17BA01: DEVELOPMENT OF AN AUTOMATED FULL COST PURCHASE OF SERVICE CALCULATOR (Delayed Implementation)

Project Description: In conjunction with the System's actuary an automated full cost purchase of service calculator will be developed, tested, and implemented for use by staff when responding to members' purchase of service requests. Under the current law and methodology used by the Agency, members are able to request full cost purchases of service only during the twelve (12) months preceding retirement. The creation of an automated full cost purchase of service calculator will create greater efficiency in responding to member requests and will allow members to make these requests at any time during their membership rather than only during the twelve (12) months preceding retirement.

Expected Outcome: Development and implementation of an automated full cost purchase of service calculator that will allow members to make these requests at any time during membership requires both significant programming effort, and changes to retirement law. The actuary provided the Agency for a single system/plan their proposed calculation methodology achieved by entering data into an EXCEL spreadsheet. Initial plans were for the actuary to develop additional models for each system/plan administered by the Agency at an additional cost.

However, due to several factors the Agency has changed its approach and estimated implementation date. In recognition that the current actuarial contract ends at the close of calendar year 2017, and that implementation could not be achieved until legislative changes allowing for a full cost purchase at any time during membership are enacted, the Agency determined that it would be more advantageous to develop the model in a software package other than the EXCEL software utilized by the Actuary. The Agency has planned for many years that members could obtain retirement estimates, and perform certain functionality via the Agency's secure Internet connection. A member obtaining a full cost purchase estimate is an activity that should be supported as part of these planned future activities. Therefore, developing the full cost purchase of service calculator across all applicable

BENEFITS ADMINISTRATION DIVISION - BUSINESS PLAN INITIATIVE

systems/plans in a software platform that is compatible with member access through a secure internet connection using the actuary's prescribed methodology is most advantageous to the Agency.

Timing: Estimated completion and implementation anticipated no earlier than July 1, 2018, and is dependent upon program development, and the enactment of legislative changes.

Link to Goals: This project links directly to two the Agency's goals: 1) to effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system; and 2) to efficiently collect the required employer and employee contributions necessary to fund the System.

Budget Implications: This initiative will be completed with existing resources with possibly some additional expenses incurred for services provided by the System's actuary for consultation, and review of calculation results across various systems/plans as they're developed by the Agency.

BUSINESS OPERATIONS OFFICE - BUSINESS PLAN INITIATIVE

Project 14BO02: ANALYSIS AND RE-ENGINEERING OF PROCESSING AND ADMINISTRATION OF DOMESTIC RELATION ORDERS WITHIN MPAS

Project Description: In the development of MPAS, the processes and programs to administer Domestic Relation Orders (DROs) were largely replicated from the Legacy system. While this was consistent with the overall methodology of the MPAS project, due to the structural differences between the Legacy system and MPAS, Benefits Administration Division and Project Management Office staff believe that there is more effective and efficient way to administer DROs in the MPAS environment. This project will thoroughly analyze the administration of DROs in the Division's processes and procedures, and modify MPAS programs to accommodate the most effective and efficient administration of DROs.

Expected Outcome: This initiative will improve control over the administration of DROs, reduce the risk of possible overpayments, and ensure that payments made to the retiree and the alternate payee are accurate. Additionally, this initiative should improve the efficiency of the Division through further automation of the processes associated with administering DROs.

Timing: On hold pending availability of Business Operations Office resources.

Link to Goals: This initiative will directly support the Agency's goal to pay all retirement allowances in an accurate and timely manner.

Budget Implications: This initiative will be completed with existing resources and should result in no additional costs to the Agency.

EXTERNAL AFFAIRS DIVISION/INFORMATION SYSTEMS DIVISION JOINT BUSINESS PLAN INITIATIVE

Project 17EA/IS01: MSRA PUBLIC WEBSITE (SRA.MARYLAND.GOV) REDESIGN

Project Description: The current iteration of the agency's website was launched in 2010, and while it is functional, there are several aspects of its current public web site that the Agency wishes to improve in order to enhance its content, access, and navigation:

Engagement – compared to other public pension system sites, SRA's current site is sometimes seen as less engaging to the viewer, that is, the site has limited graphics, no audio or video, and mostly static content.

Searchability – while the existing site contains considerable content in certain areas, finding what you want on the current site is sometimes viewed as difficult by the end user.

Navigation – there is a sense that the site needs better organization and usability, with fewer clicks and more obvious content location.

Understandability – there is a question if the current text communicates in language users understand (e.g., the home page's use of the term "participant

Complement Agency operations – the Agency seeks to optimize the functionality of the web site to better provide answers to those questions and issues most often raised by members, employers, Board of Trustees (the "Board") members, legislators, media, and other constituencies in their respective contacts with the Agency.

Balance between Agency missions – to ensure that both the Pension Administration and Investments functions are represented in the site's content.

Expected Outcome: A more robust website that is intuitive to navigate for all stakeholders, especially active members and retirees, with easy-to-find, updated information.

Timing: To be completed by January, 2018.

Link to Goals: This ties in directly to the agency's goal to effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

Budget Implications: \$90,000

**BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS
OFFICE/INFORMATION SYSTEMS
JOINT BUSINESS PLAN INITIATIVE – MPAS 3**

Project 18BA/BO/IS01: MPAS-3 BUSINESS PROCESS RE-ENGINEERING

Project Description: The Agency's MPAS Project Phase 3 (MPAS-3) entails, in part, re-engineering of Agency business processes, and implementing supporting technology, focused primarily within the Administration and Finance divisions, and including the Agency's relationships with participants, employers, and strategic partners. In FY2017, the Agency initiated the procurement process to secure consulting services necessary to set the stage for the Agency's transition to redesigned processes and technology. Each Agency business process will be evaluated and reengineered seeking optimal and fully integrated solutions that incorporate a more robust workflow, integrated imaging and voice systems, increased functionality, improved communications, and greater member/retiree and employer access to their data. The project will also leverage experience from other public pension funds. The project will document process revisions, and identify where, and the types of, technology that can be implemented to improve Administration-related operations.

The Benefits Administration Division will have a far greater role in MPAS-3 than it did in the previous two MPAS phases. To best successfully achieve the MPAS-3 objectives, all staff with a role in any business process and/or knowledge in a specific functional area will actively participate along with the Business Operations Office in defining the requirements, and reviewing all project requirement deliverables to ensure that comprehensive and efficient solutions are developed. By defining and evaluating the requirements for each functional business area, the focus will shift to evaluating each business functional area, and developing comprehensive solutions that best serve the needs of all stakeholders (Agency, employers, members, and annuitants).

Expected Outcome: This initiative will document process revisions that will be implemented to improve Administration and Finance related operations and will identify the types of technology needed to support those process revisions.

**BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS
OFFICE/INFORMATION SYSTEMS
JOINT BUSINESS PLAN INITIATIVE – MPAS 3**

Timing: This is a multi-year project that is planned to start in fiscal year 2018. The Agency is planning to first acquire a consultant and process engineers to support the initial planning, and develop a timeline for the MPAS-3 project, all within FY2018. Once the strategy is determined, a project manager and technical resources will be added to work with the Agency and the consultant to deliver the desired outcome. Technology products will be acquired and implemented to support the plan. A Request for Proposals was issued in May 2017, with the planning and process re-engineering phase anticipated to start in September 2017 and completion in FY2018. Concurrently, the Agency will move forward with acquiring the requisite technical and hardware resources to execute the MPAS-3 plan. The entire MPAS-3 initiative will span multiple years, with total duration dependent upon the scope of the design and available funding.

Link to Goals: This project links directly to the Agency's goals:

- To pay all retirement allowances provided by State pension law to the System's retirees and their beneficiaries in an accurate and timely manner.
- To effectively communicate with all retirement plan participants to inform them about the benefits provided by the System, and to educate them about planning and preparing for all aspects of their future retirement.
- To implement an automated, comprehensive and integrated pension administration and electronic document management system.

Budget Implications: This major initiative will require the resources of multiple vendors and additional personnel. Funds were provided in the FY2018 to begin this initiative.

INTERNAL AUDIT DIVISION – BUSINESS PLAN INITIATIVE

Project 18IA01: EXTERNAL PEER REVIEW

Project Description: An external peer review will be performed to determine if the Internal Audit Division is performing audits in conformance with Generally Accepted Government Auditing Standards (GAGAS). In addition, the Internal Audit Division will address and correct any issues noted as a result of this peer review.

Expected Outcome: The external peer review will result in a report indicating whether, or not, the Internal Audit Division's audits were completed in accordance with GAGAS, and identifying areas where compliance can be improved.

Timing: To be completed by June 30, 2018.

Link to Goals: The Internal Audit Division is required to comply with GAGAS. An external peer review helps to ensure that the Internal Audit Division is operating in compliance with these standards.

Budget Implications: Additional budget resources are required for this initiative. Internal Audit has included \$15,000 in its FY 2018 budget request, in order to provide funding for this initiative.

INVESTMENT DIVISION – BUSINESS PLAN INITIATIVE

Project 18ID01: Internal Management Consulting Services

Project Description: Hire a consultant through an RFI process to assist the Investment Division as it prepares to manage assets internally.

Expected Outcome: Consultant will advise the Investment Division regarding best practices and industry standards pertaining to asset management processes and procedures, and conduct a resource assessment identify potential gaps.

Timing: To be completed by December 31, 2017.

Link to Goals: This initiative ties to the Investment Division's first goal, that being to prudently invest System assets in a well-diversified matter to optimize long-term returns while controlling risk through careful execution of the investment objectives and strategies of the System over a long-term horizon.

Budget Implications: The total cost of the project is expected to be approximately \$440,000.