

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

February 5, 2019

The Administrative Committee met at the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor, Board Room, Baltimore, Maryland, beginning at 9:30 a.m.

The Trustees present included:

Theresa Lochte, Acting Chairman  
Sheila Hill  
Nancy K. Kopp (via phone)

Marc Nicole  
Richard Norman (via phone)

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

Patricia Fitzhugh	Angie Jenkins	Harvey Raitzyk
Anne Gawthrop	Van Lewis	Ken Reott
Michael Golden	Kim O’Keeffe	David Rongione
Ira Greenstein		Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Minutes                      On a motion made by Ms. Hill and seconded by Mr. Nicole the Administrative Committee approved the December 4, 2018 open session meeting minutes.

2019 Legislative Review                      Ms. Anne Gawthrop provided the Committee an updated overview of the 2019 pension related legislation introduced to the General Assembly to date. See Attachment A.

House Bill 62 / Senate Bill 119	Employees’ Pension System – Purchase of Eligibility Service Credit – Clarification	Board Requested
House Bill 63 / Senate Bill 306	State Retirement and Pension System – Maryland Pension Administration System – Member Contributions	Board Requested
House Bill 64 / Senate Bill 120	State Retirement and Pension System – Designation of Beneficiary	Board Requested
House Bill 265 / Senate Bill 153	Alternate Contributory Pension Selection – Return to Employment	Board Requested
House Bill 266 / Senate Bill 186	State Retirement and Pension System – Designated Beneficiary Change – Rescission	Board Requested
House Bill 267 / Senate Bill 179	Optional Retirement Program – Regulations	Board Requested
House Bill 75	State Retirement and Pension System – Investment Management Fee Reporting	Support with amendments

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House Bill 29	Correctional Officers' Retirement System – Membership – Chaplains	Oppose
House Bill 283 / Senate Bill 273	Correctional Officers' Retirement System	Oppose
House Bill 430	State Retirement and Pension System – Disability Retirement –Alterations	No position
House Bill 94	State Retirement and Pension System – Accidental Disability Application	Oppose

On a motion made by Ms. Hill and seconded by Mr. Nicole, the Administrative Committee approved staff's recommendations for recommendation to the Board.

Member Services  
Update

Mr. Raitzyk reported that the Member Services unit was unable to meet its performance goals for both the call abandonment rate and for the average call wait time for December 2018. The unit's call abandonment rate was 14.84% and the average speed of answer was 298 seconds.

Mr. Raitzyk reported that the increase was due to increased call volume, as well, as not being fully staffed. The unit currently has several vacancies for Retirement Benefits Specialist (RBS) positions and other RBS employees are on FMLA.

Mr. Nicole asked if the Agency is in the process of filling those vacant positions.

Mr. Raitzyk responded that the Agency is constantly in the recruitment process to fill vacant positions. However, in addition to the time that it takes to go through the process of hiring, there is an additional six months of training that an individual needs to have in order to work independently as a Retirement Benefits Specialist.

Mr. Nicole asked if the Agency thought about double-filling a PIN to be able to continuously have someone readily available and trained to fill a position that becomes vacant.

Treasurer Kopp responded that the amount of vacancies in the unit is not a new issue and asked if the Agency needs to have someone come in to give us new ideas on how to proceed in a new era.

Mr. Kenderdine responded that the Agency has been working closely with staff at the Department of Budget and Management, but the option of double-filling a PIN has not been suggested previously. Mr. Kenderdine further responded that he would be contacting DBM to discuss this option.

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**CLOSED SESSION**

On a motion made by Mr. Nicole and seconded by Ms. Hill, the Administrative Committee voted to meet in a Closed Session beginning at 9:40 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor, for the purpose of:

- a) Reviewing the closed session minutes from the December 4, 2018 Administrative Committee meeting, pursuant to General Provisions Art., Section 3-103(a)(1)(i), the exercise of an administrative function; and
- b) Discussing the offset of retirement benefits of a participant under State Personnel and Pensions Art., § 21-113, pursuant to General Provisions Art., Section 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 Trustees present included:

Theresa Lochte, Acting Chairman  
Sheila Hill  
Nancy K. Kopp (via phone)

Marc Nicole  
Richard Norman (via phone)

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

Patricia Fitzhugh  
Anne Gawthrop  
Michael Golden  
Ira Greenstein

Angie Jenkins  
Van Lewis  
Kim O'Keeffe

Harvey Raitzyk  
Ken Reott  
David Rongione  
Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

On a motion made by Ms. Hill and seconded by Mr. Nicole, the Administrative Committee returned to open session at 9:46 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor.

**OPEN SESSION**

The Trustees present included:

Theresa Lochte, Acting Chairman  
Sheila Hill  
Nancy K. Kopp (via phone)

Marc Nicole  
Richard Norman (via phone)

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

Patricia Fitzhugh  
Anne Gawthrop  
Michael Golden  
Ira Greenstein

Angie Jenkins  
Van Lewis  
Kim O'Keeffe

Harvey Raitzyk  
Ken Reott  
David Rongione  
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Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

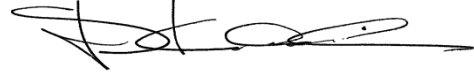
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The Administrative Committee reported that during the closed session the Administrative Committee reviewed and decided on the following item:

- |   |   |
|---|---|
| Closed Session<br>Minutes                                     | The Committee approved the December 5, 2017 closed session minutes.   |
| Correction of<br>Errors – Offset of<br>Retirement<br>Benefits | The Committee reviewed and approved staff's recommendations regarding the offset of retirement benefits of three participants.                    |
| Adjournment   | There being no further business before the Committee, on a motion made by Ms. Hill and seconded by Mr. Nicole, the meeting adjourned at 9:46 a.m. |

Respectfully submitted,



R. Dean Kenderdine,  
Secretary to the Board

**\*\*\*HIGHLIGHTED BILLS INDICATE BILLS ON WHICH STAFF IS RECOMMENDING AN ACTION BY THE BOARD\*\*\***

## **Legislative Update 2019 Session February 4, 2019**

### **BOARD REQUESTED LEGISLATION**

#### **House Bill 62/Senate Bill 119 (Barnes/Griffith)**

##### **Employees' Pension System - Purchase of Eligibility Service Credit – Clarification**

This Board requested legislation clarifies provisions regarding limitations on members of the EPS purchase of eligibility service credit for past employment. Specifically, it corrects an inadvertent erroneous reference within the statute that is counter to legislative intent.

- Hearing scheduled in Appropriations – 1/29/19
- Budget and Tax Pension Subcommittee voted favorable – 1/31/19

#### **House Bill 63/Senate Bill 306 (Barnes/Griffith)**

##### **State Retirement and Pension System - Maryland Pension Administration System - Member Contributions**

This Board requested legislation requires participating employers in the System to submit member contributions and payroll data supporting the contributions at the same time.

- Hearing scheduled in Appropriations – 1/29/19
- Hearing scheduled in Budget and Tax – 2/14/19

#### **House Bill 64/Senate Bill 120 (Barnes/Griffith)**

##### **State Retirement and Pension System - Designation of Beneficiary**

This Board requested legislation authorizes a member of the System to designate a beneficiary either by submitting a notarized written designation to the Agency or electronically through Agency's secure access portal.

- Hearing scheduled in Appropriations – 1/29/19
- Budget and Tax Pension Subcommittee voted favorable – 1/31/19

#### **House Bill 265/Senate Bill 153 (Barnes/Griffith)**

##### **Alternate Contributory Pension Selection - Return to Employment**

This Board requested legislation allows individuals who vest in the ACPS on or after July 1, 2011, to return to the ACPS if they terminate employment with a participating employer of the System and later return to work for a participating employer of the System, regardless of the length of their break in service. This bill codifies the existing practice of the Agency.

- Hearing scheduled in Appropriations – 2/12/19
- Hearing scheduled in Budget and Tax – 2/14/19

**House Bill 266/Senate Bill 186 (Barnes/Griffith)**

**State Retirement and Pension System - Designated Beneficiary Change – Rescission**

This Board requested legislation allows retirees of the System to rescind a request to change their designated beneficiary before the second monthly allowance is paid (instead of before the first allowance is paid). If a retiree rescinds the change of beneficiary under the bill, the benefit payment amount for the next payment is restored to the amount paid before the change in beneficiary.

- Hearing scheduled in Appropriations – 2/5/19
- Budget and Tax Pension Subcommittee voted favorable – 1/31/19

**House Bill 267/Senate Bill 179 (Barnes/Griffith)**

**Optional Retirement Program - Regulations**

This Board requested legislation requires the Board to adopt and maintain a written plan document for the ORP, and it authorizes Board to adopt regulations it deems necessary to carry out its ORP responsibilities.

- Hearing scheduled in Appropriations – 2/5/19
- Budget and Tax Pension Subcommittee voted favorable – 1/31/19

**INVESTMENT RELATED BILLS**

**House Bill 75 (Grammer)**

**State Retirement and Pension System – Investment Management Fee Reporting**

This proposed legislation requires the Board of Trustees to include in its annual reporting of investment management fees to the General Assembly (1) fixed fees; (2) performance fees; (3) fees that are formally invoiced; and (4) fees that are not formally invoiced.

- Hearing scheduled in Appropriations – 2/5/19

**Staff recommends supporting this bill with amendments. Investment Division staff reports that the Agency is currently reporting the information requested in this bill. However, the Investment Division staff pointed out we are currently not reporting the amount of carried interest paid to the System’s investment managers each year. Therefore, we recommend amending this bill to remove the specific requirements it currently includes since that information is already being provided, and instead add the requirement that the Board report on carried interest. Staff has reached out to the sponsor to discuss this proposed amendment.**

**CORRECTIONAL OFFICERS’ RETIREMENT SYSTEM**

**House Bill 29 (McCay)**

**Correctional Officers' Retirement System - Membership – Chaplains**

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed as prison chaplains in State correctional facilities, to become members of the CORS on July 1, 2019. All new employees in these positions would be members of the CORS.

- Hearing scheduled in Appropriations – 1/29/19

**The Board opposed this legislation based on advice from the System’s tax counsel who expressed concern that prison chaplains would not meet the definition of qualified public safety officers under**

proposed IRS regulations addressing normal service retirement age. Individuals who meet this definition are eligible for a 20 year retirement, regardless of age. Currently correctional officers in the CORS meet the definition of qualified public safety officers. The sponsor contends the chaplains are trained as correctional officers, and therefore would be eligible for this benefit. Staff is working with the sponsor and the Department of Public Safety and Correctional Services to determine if prison chaplains are trained as correctional officers.

**House Bill 283/Senate Bill 273 (Allegany County Delegation/Edwards)  
Correctional Officers' Retirement System**

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed as office support staff, to become members of the CORS on July 1, 2019. All new employees in these positions would be members of the CORS.

- Hearing scheduled in Appropriations – 2/12/19
- Hearing scheduled in Budget and Tax – 2/14/19

Staff is recommending the Board oppose this legislation because they believe office support staff would not meet the definition of a qualified public safety officer. Accordingly, under the proposed IRS regulations regarding normal service retirement age, these individuals would not be eligible for a 20 year retirement regardless of age.

## MILITARY SERVICE BILLS

**House Bill 430 (Cox)**

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

This proposed legislation would allow any member of the several systems who is currently receiving a military retirement to claim up to five years of military service in the plan in which they are a member. Currently, members are prohibited from making a claim for military service if they are receiving a benefit from any other pension system for that same service.

- Hearing scheduled in Appropriations – 2/12/19

Staff recommends taking no position on this legislation as it is a plan design and benefit determination matter.

## MISCELLANEOUS BILLS

**House Bill 94 (Rosenberg)**

**State Retirement and Pension System – Accidental Disability Application**

This proposed legislation would allow one retiree who is currently receiving a service retirement allowance from the EPS to allow the member to apply for an accidental disability retirement. The bill provides that if the member is awarded an accidental disability it will begin on the first day of the month following the date the application was submitted.

- Hearing scheduled in Appropriations – 2/5/19

Staff is recommending the Board oppose this legislation. Allowing a retiree to unwind his benefit for an opportunity to receive a disability retirement years after the retiree's retirement date, will

set a precedent for any other retiree to ask for the same opportunity. Additionally, allowing a retiree to apply for disability years after receiving a service retirement will make it extremely difficult for the medical board to access the medical condition of the retiree at the time of the injury.