

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

June 4, 2019

The Administrative Committee met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, 16th Floor, Baltimore, Maryland, beginning at 9:28 a.m.

The Trustees present included:

Theresa Lochte, Acting Chairman, presiding	Marc Nicole
Nancy Kopp	Richard Norman

Agency Staff members attending included:

R. Dean Kenderdine, Executive Director/Board Secretary (via phone)		
Robert Burd	Angie Jenkins	Harvey Raitzyk
Melody Countess	Van Lewis	Ken Reott
Anne Gawthrop	Kim O’Keeffe	David Rongione
Michael Golden	Chandra Puranam	Janet Sirkis
Ira Greenstein		

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Minutes	On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee approved the April 2, 2019 open session meeting minutes.
Request for a Waiver of the One Year Requirement to Request a Service Credit Transfer	<p>Prior to the start of the Administrative Committee meeting, Ms. Tammy Cook presented staff with several documents. The first document was a letter from Lisa McKinney, AFSCME Local 557 President dated June 3, 2019, which indicated that several employees, including Ms. Cook, “were not made aware of having to switch their time over from the 30 years to the 20 year retirement system when they transferred to Perkins.” The letter included a list of employees at Clifton T. Perkins Hospital Center who have similar circumstances. The second letter was from Jazmine Rich, Director of Human Resources, Maryland Department of Health, dated May 17, 2019, which indicated that there was an administrative error on that department’s part and that Ms. Cook should have been in the Correctional Officers’ Retirement System (CORS) since her promotion to Security Attendant I – Nursing, which was “effective July 7, 1999.” Copies of the documents were provided to the Administrative Committee.</p> <p>Ms. Cook appeared before the Administrative Committee.</p> <p>Kim O’Keeffe, Deputy Retirement Administrator, addressed the Committee and Ms. Cook. Ms. O’Keeffe indicated that in light of the letters received, staff would need to further investigate Ms. Cook’s record to determine if the information provided in the letter is correct. Ms. O’Keeffe asked that the Committee defer hearing this matter and ruling on the transfer of service credit until staff could fully investigate Ms. Cook’s record.</p> <p>After further discussion, the Committee unanimously agreed to defer this matter.</p>
Review of the Criteria for the Chief Investment Officer’s Evaluation	Mr. Kenderdine reported that at the recommendation of the Investment Committee and on approval by the Board of Trustees, the Chief Investment Officer’s Evaluation form was being brought to the Administrative Committee for review. The Administrative Committee was provided with a red-lined version with recommended changes to the form.

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On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee approved the changes to the Chief Investment Officer's Evaluation form, as presented, for recommendation to the Board of Trustees.

FY20 Business Plan

Mr. Kenderdine, with Harvey Raitzyk, Ira Greenstein, Chandra Puranam, Robert Burd, and Melody Countess, presented the Agency's FY20 Business Plan, including the following new and on-going initiatives.

Project Number	Initiatives	Division	Completion Date	Status
14BA04	Review and Revision of Code of Maryland Regulations	Benefits Administration Division	Ongoing	<p>Most recently completed regulation actions include:</p> <ul style="list-style-type: none"> • Delegation of final decision making authority for disability appeals. • Update of option and annuity factors. • Clarification that membership in the Employees' System is not required for certain contractual employees. <p>SRA continues to be engaged in the State "Regulatory Review & Evaluation" process in which every eight years, State agencies determine whether their regulations "are necessary for the public interest, continue to be supported by statutory authority and judicial opinion, or are appropriate for amendment or repeal." Staff will be bringing recommendations for regulatory changes to the Board as updates are completed.</p>
16BA01	Enhancement of Personal Statement of Benefits	Benefits Administration Division	Deferred	The objectives of this previous business plan initiative will be addressed as part of the MPAS+ project initiatives.

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17BA01	Development of an Automated Full Cost Purchase of Service Calculator	Benefits Administration Division	Deferred	The objectives of this previous business plan initiative may be addressed as part of the MPAS+ project initiatives.
19BA/BO/ FD/IS01	MPAS+ Business Process Re-engineering Subproject 2 – Foundation Preparation/Procurement Subproject 3 – Member Self-service Portal Subproject 4 – Improvement (Business Process Re-engineering)	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jul-19 Sep-19 Dec-21	In FY 2020 and extending into FY 2021 the Agency will procure the identified technologies that are necessary to support the project to achieve increased functionality, and improved communications and greater member/retiree and employer access to their data. Additionally the Agency will launch the Member Self-service Portal (<i>mySRPS</i>) with a target Go-Live date of September 2019. Also, we will begin the actual re-engineering of current business processes using an agile development methodology starting in Fall 2019.
20ID01	Implement Internal Management Capability	Investment Division	Ongoing project over 10 years	The Board has approved the policies and procedures necessary to implement internal asset management. The effective date of the first internally managed portfolio is expected to be 7/1/19, and will expand to other asset classes and strategies gradually over time.
20ID02	Initiate Process to Expand Office Space for the Investment Division	Investment Division	June 30, 2020	Staff has the necessary forms to complete for DGS to review. These forms will include the expected number and types of positions to be added over the next 5 years, and the anticipated space needs based on DGS parameters.

Treasurer Kopp asked if staff were working with the highest level of security.

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Mr. Greenstein responded that with planning for the MPAS project and the significant changes in the Investment Division, staff is looking specifically at all the tools the Agency uses and is making upgrades in the tools and infrastructure. Mr. Greenstein reminded the Committee that a confidential memorandum describing the Agency's cybersecurity protections was recently posted on the Board Portal for the Trustees to review. Mr. Greenstein also offered to provide an in-depth report on cyber security, to the Board at a future meeting in closed session.

Ms. Lochte asked if staff is told and reminded on a regular basis to take precautions such as not opening emails from unknown sources.

Mr. Greenstein confirmed that not only is staff required to take a monthly online security training provided by the Department of Information Technology, but also the Agency's IT department has included a notification on all incoming emails, which reminds staff that the email is from an external source and that they should not click on any links or open any attachments from unknown sources. In addition, IT staff reviews the Agency's internet usage each month.

On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee approved the FY20 Business Plan, including new Initiatives for recommendation to the Board of Trustees.

Proposed
Amendments to
COMAR 22.01.06
– Payment of
Benefits

Mr. Reott presented the Administrative Committee with proposed amendments to COMAR 22.01.06 – Payment of Benefits. Mr. Reott reported that while the changes to the regulation are somewhat extensive, the overall effect on the System's participants is minimal. The following changes are primarily to provide clarifying language in the regulation.

➤ 22.01.06.01 – Definitions

This regulation is being added in its entirety to define the participants to whom this regulation shall apply.

➤ 22.01.06.02 – Electronic Fund Transfer

This regulation has been amended to address a recent audit finding related to multiple payees' monthly retirement allowances being deposited into the same bank account. The requirement has been added to support the Agency's decision that the retirement allowances of not more than five (5) payees may be deposited into the same bank account.

➤ 22.01.06.03 – Electronic Fund Transfer Procedures

The changes to this regulation consist of a revision of its title and minor textual edits for clarity and consistency.

➤ 22.01.06.04 – Payment of Allowance by Check

This regulation remains largely unchanged, except for replacing the term "participant" with the newly defined term "payee" throughout. Also, the current name of the Automated Clearing House Network has been amended.

➤ 22.01.06.05 – Suspension of Payment

The changes to this regulation consist primarily of changing its title to reflect its application to lump-sum payments as well as monthly allowances, and other minor edits for consistency and clarity, as well as new text to confirm the Agency's ability to suspend payment in certain circumstances involving false information and fraud.

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➤ 22.01.06.06 – Deductions from Allowance

This regulation is being added to address the Agency's longstanding and statutorily authorized practice of making certain deductions from payees' retirement allowances. It addresses the Agency's concern with sharing sensitive information with third parties and requires that, upon the Agency's request, the third party shall enter into a non-disclosure agreement with the Agency.

Treasurer Kopp asked if staff made sure that the term "Participant" was replaced with the term "Payee" in every regulation, as appropriate within the context of the language.

Ms. Cohen responded that the meaning of the term "Participant" is defined appropriately within the regulation and that it was being replaced with "Payee" in this regulation to clarify that a payee is a participant or alternate payee who is being paid a benefit.

Treasurer Kopp asked if the Agency makes deductions for 529 plans.

Mr. Reott responded that the Agency does not currently have any requests for 529 deductions, but that it would not be an administrative burden to add that deduction to the list.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee voted to recommend that the Board of Trustees vote to submit the proposed amendments to COMAR 22.01.06 to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register.

Proposed
Amendments to
COMAR 22.01.12
– Enrollment In
The State System

Mr. Reott presented the Administrative Committee proposed amendments to COMAR 22.01.12 – Enrollment In The State System. Mr. Reott reported that the regulation provides for the proper enrollment process of an eligible employee into a State system.

➤ 22.01.12.01 – Enrollment Required

The proposed amendments are minor grammatical changes to conform this regulation to COMAR 22.01.01.01B(16), which defines "State system."

➤ 22.01.12.02 – Enrollment Process

The proposed amendments to this regulation are to:

- 1) Replace "sending" with "submitting" in recognition that in the future, employers and members may be able to submit enrollment document electronically;
- 2) Remove the requirement to submit a Designation of Beneficiary form, which is no longer an operational requirement to complete the enrollment procedure;
- 3) Add a requirement for submission of a job description to ensure proper enrollment in the TRS, LEOPS, SPRS, or CORS (for PGU employees only); and
- 4) Add a requirement for submission of a job description in other circumstances when the Agency requests one.

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➤ 22.01.12.03 – Imposition of Penalty Procedure

The proposed amendments are minor grammatical changes to conform this regulation to COMAR 22.01.01.01B(16), which defines “State system.”

On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee voted to recommend that the Board of Trustees vote to submit the proposed amendments to COMAR 22.01.06 to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register.

The Board of Commissioners of Queen Anne’s County – Participation in the Employer Pick-Up Program

Ms. Countess reported that the Board of Commissioners of Queen Anne’s County submitted to the Board for its approval, a request to participate in the Employer Pick-Up Program effective July 1, 2019. A copy of the signed resolution by the Board of Commissioners was provided to the Committee in the agenda packet.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee approved the Board of Commissioners of Queen Anne’s County’s request to participate in the Employer Pick-Up Program, effective July 1, 2019, for recommendation to the Board of Trustees.

Transfer of Members from the Employees’ Pension System to the Correctional Officers’ Retirement System

Ms. Countess reported that during the 2019 legislative session, House Bill 1056 was enacted and it requires certain detention center officers of Queen Anne’s County to enroll in the Correctional Officers’ Retirement System. As a result of House Bill 1056, which takes effect on July 1, 2019, the Board of Commissioners for Queen Anne’s County (BCQAC), has submitted notification to the Board of Trustees, by resolution, of BCQAC’s intention to withdraw eligible detention center officers from the Employees’ Pension System and transfer them to the Correctional Officers’ Retirement System. A copy of the signed resolution by the BCQAC was provided to the Committee in the agenda packet.

Finance Reports – Quarter Ending March 31, 2019

Ms. Melody Countess and Mr. Van Lewis presented the Administrative Expenses Report and Dashboard for the quarter ending March 31, 2019. Mr. Lewis reported that the Agency has spent, to date, 63.96% of the FY2019 Appropriation amount, with a current projected end-of-fiscal year surplus of \$768,000.

Mr. Nicole asked regarding the “Note-Miscellaneous Items – Other” line item, where there is an approximately \$718,000 appropriation, what the Agency is expecting to spend approximately \$92,000 on.

Mr. Lewis responded that the “miscellaneous-other” line item includes the following approximate expenses:

- Benchmarking study - \$85,000
- Alive and wellness checks - \$30,500
- Interpreter services - \$1,000
- Background checks - \$7,700 (approximately \$1,000 per check)

Ms. Lochte asked, since the Investment Division is now off-budget, whether the Committee would receive a separate report on the administrative expenses of the Investment Division.

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Mr. Burd responded that he would work with Mr. Lewis and Ms. Countess to prepare, for distribution to the Committee, a report on administrative expenses of the Investment Division.

Mr. Lewis presented the MBE Performance Report for the quarter ending March 31, 2019. Mr. Lewis reported that MBE Performance dropped to 17.05%, which is below the Administrative MBE performance goal of 29.0%. The drop in MBE performance is due to a modification to the contract with LRWL, the vendor assigned to the Business Process Re-Engineering project. LRWL does not have MBE participation, which dropped our participation percentage down from last quarter.

Ms. Lochte asked if staff anticipates the Agency reaching the performance goal by the end of the fiscal year.

Mr. Lewis responded that he is not optimistic.

Member Services
Update

Mr. Raitzyk reported that the Member Services unit was not able to meet its goals for the call abandonment rate and average call wait time for the month of April 2019. The unit's call abandonment rate was 18.36% and the average speed of answer was 295 seconds for the month of April.

Mr. Raitzyk reported that three new Retirement Benefits Specialists were able to take calls "live" in April. In addition, the Agency has been able to fill two of the three double-pinned positions.

Mr. Nicole asked how many calls could be answered by referring the caller to the website.

Mr. Raitzyk responded he was not able to answer that question at this time, but that having the call center and specialist to answer questions that our members have is a service that the Agency provides.

Ms. Lochte asked if the Agency will be issuing any type of communication to its members informing them that an online member portal will go live in September.

Mr. Raitzyk responded that staff plans to provide information to members and retirees regarding the member portal in the Agency's newsletters.

Distribution of
FY19 Personal
Statement of
Benefits

Mr. Raitzyk addressed the Committee regarding the distribution of the Personal Statement of Benefits (PSBs). Mr. Raitzyk reported that due to a recent audit, it was determined that the League for People with Disabilities, the vendor who prints and mails the PSBs, does not comply with the requirement of being able to produce a SOC-2 audit report. Since the contract with this vendor ends on June 30, 2019, staff met to discuss the available option.

Mr. Raitzyk reported that staff believes that the most effective strategy to distribute the over 200,000 PSBs this year would be to allow members to log-on securely to the *mySRPS* member portal, when it goes live in September, and print their PSB, instead of having the Agency using a vendor to have the PSBs mailed. For those

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members who may want a paper copy or who may not have access to the member portal, there will be a process for requesting a mailed paper copy. Staff believes that the Agency has the resources to be able to re-print and mail the amount of PSBs that may be requested in paper form.

Mr. Raitzyk indicated that the PSBs are usually issued in September of each year and a decision regarding this matter needs to be made quickly in order to meet that goal. If *mySRPS* does not go live on time, the fall back plan would be for members to print their PSBs from the Agency's secured website.

Ms. Lochte asked how the Agency would notify members about the PSBs.

Mr. Raitzyk responded that one way staff would communicate this information would be through the "Mentor" publication that is mailed to members. Other ways of notification would be to send a letter or postcard to each member directly in conjunction with notice on the Agency's phone system and website.

Mr. Nicole commented that he liked the idea of member's printing their PSBs from the secured member portal, but that communication to members, of such process, would be critical.

Mr. Raitzyk responded that he agreed that communication is key.

Treasurer Kopp commented that the communication should also address the security of printing the PSB themselves and provide the option to have staff mail it to the member.

Ms. Lochte asked is the communication would go out sometime in August.

Mr. Raitzyk responded yes, that staff has not yet addressed all the specifics, but that the communication to members would not be sent too far in advance of the "go live" date, which is scheduled for September, 2019.

Ms. Lochte asked if staff would be able to determine if a member has logged-in to the member portal to obtain a copy of their PSB.

Mr. Puranam responded yes, but that staff would need to create a program to capture that information before the *mySRPS* goes live.

Ms. Cohen further reported that the notice to the member, which would be scanned to their file, would serve as documentation that the member was given the option to print or request a copy of their PSB.

Mr. Raitzyk was asked to summarize the agreed upon process regarding PSBs to the full Board at its next meeting, on June 18, 2019.

On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee voted to meet in a Closed Session beginning at 11:11 a.m. in the Boardroom of the SunTrust Building at 120 East

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Baltimore Street, 16th Floor, for the purposes of:

- a) reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function; and
- b) discussing the offset of retirement benefits of individual participants under State Personnel and Pensions Art., § 21-113, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records.

CLOSED SESSION

The Trustees present included:

Theresa Lochte, Acting Chairman, presiding
Nancy Kopp

Marc Nicole
Richard Norman

Agency Staff members attending included:

Melody Countess
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 Mr. Nicole and seconded by Mr. Norman, the Administrative Committee returned to open session at 11:30 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

OPEN SESSION

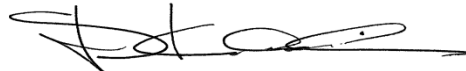
During closed session, the Administrative Committee discussed and took action on the following matters:

Closed Session Minutes	The Administrative Committee reviewed and approved the April 2, 2019 closed session minutes.
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Correction of Errors – Offset of Retirement Benefits	The Administrative Committee referred this matter to the full Board for review.
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Adjournment	There being no further business before the Committee, on a motion made by Mr. Nicole and seconded by Mr. Norman, the meeting adjourned at 11:31 a.m.
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Respectfully submitted,



R. Dean Kenderdine,
Secretary to the Board