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

October 5, 2021

The Administrative Committee meeting convened, via video/audio conference call, beginning at 9:31 a.m.

The Committee Members present included:

Kenneth Haines, Chairman, Presiding
Richard Norman, Vice Chairman
Linda Allen

Thomas Brandt
Jamaal Craddock
Nancy Kopp

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

Greg Busch Michael Golden Chandra Puranam

Melody CountessAngie JenkinsKen ReottRobert DiehlMegan MyersDavid RongionePatricia FitzhughKim O'KeeffeJanet Sirkis

Anne Gawthrop Andy Palmer Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Megan Schutz (Treasurer's Office)

Minutes

On a motion made by Mr. Brandt and seconded by Mr. Norman, the Administrative Committee approved the September 7, 2021 open session meeting minutes.

Administrative Committee Meeting Dates On a motion made by Mr. Brandt and seconded by Mr. Norman, the Administrative Committee approved the 2022 Administrative Committee Meeting dates, as follows:

Tuesday, February 1, 2022	Tuesday, March 1, 2022
Tuesday, April 5, 2022	Tuesday, June 7, 2022
Tuesday, August 2, 2022	Tuesday, September 6, 2022
Tuesday, October 4, 2022	Tuesday, December 6, 2022

Board Requested Legislation Ms. Gawthrop presented two legislative proposals recommended by staff for consideration by the Administrative Committee. Ms. Gawthrop recommended that the Administrative Committee recommend that the Board of Trustees present the following legislative proposals to the Joint Committee on Pensions (JCP), for the JCP's consideration to sponsor as legislation for the 2022 session.

Approval Process for Real Estate Transactions: This legislation would remove the statutory requirement that a majority of the ex-officio trustees must approve all direct real estate transactions for the System. Staff has reached out to its real estate consultant for information on the practices of similar peer plans. The consultant confirmed that the industry standard was to apply consistent governance processes across all asset classes, and in no case did clients delegate authority to a group outside the governing body of the pension.

Treasurer Kopp commented that the ex-officio trustees of the Board support this legislation.

Mr. Brandt asked how frequently direct real estate deals occur.

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Ms. Gawthrop responded that the Investment Division has not been involved in direct real estate transactions in a number of years.

Mr. Palmer further responded that with the recent addition of key staff, the Investment Division is interested in considering direct real estate transactions, but the statutory requirement for approval by the ex-officio trustees would add considerable time to the process and make it difficult for the System to compete effectively.

On a motion made by Mr. Norman and seconded by Treasurer Kopp, the Administrative Committee approved the legislative proposal as presented, for recommendation to the Board of Trustees.

State Police Retirement System DROP Death Benefit. This legislation would remove the outdated reference in State Personnel and Pensions Article, Section 24.401.1(i) regarding the State Police Retirement System (SPRS) Deferred Retirement Option Program (DROP), which incorrectly states that the retiree death benefit equals 50% of a deceased retiree's benefit, leaving only the language that indicates the SPRS DROP retiree death benefit shall be paid in accordance with the provision of the State Personnel and Pensions Article, Section 24-403 that establishes the SPRS retiree death benefit and provides for payment of 80% of the retiree's allowance to the surviving spouse, or eligible minor children.

On a motion made by Mr. Norman and seconded by Treasurer Kopp, the Administrative Committee approved the legislative proposal as presented, for recommendation to the Board of Trustees.

Mr. Haines asked Ms. Gawthrop for a status report on the legislation presented to the Administrative Committee in September regarding incentive compensation payment for certain employees of the Investment Division at retirement.

Ms. Gawthrop responded that staff is scheduled to meet with tax counsel and discuss the concerns of Trustee Brotman regarding the payment schedule of those incentive compensation payments following retirement.

Member Services Update Mr. Reott provided a Member Services update, reporting that while the most recent numbers were better than last fiscal year with a call abandonment rate of 10.04% and an average call wait time of 158 seconds, the numbers were still slightly above the goal.

Mr. Reott indicated that the report shows that the Member Services Unit received 11,517 total calls in August 2021, slightly below the last fiscal year of 12,384.

Mr. Reott also reported that the unit has two vacancies and that hiring freeze exemption requests were submitted to the Department of Budget and

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Management (DBM).

Mr. Brandt asked how the State Retirement Agency coordinates with other State agencies to provide information to State employees about their supplemental retirement benefits and retiree health insurance.

Mr. Reott responded that staff encourages State employees to attend a preretirement seminar within five years of retirement. At the pre-retirement seminars employees can get information about social security, elder law and health benefits, in addition to their retirement account with the State Retirement and Pension System.

Mr. Brandt asked why no one from the Maryland Supplemental Retirement Plan (MSRP) attended the pre-retirement seminars as a representative.

Mr. Reott explained that a representative from the MSRP is not present at the pre-retirement seminar because it is usually too late to discuss a supplemental retirement plan for an employee who is within five years of retiring. Mr. Reott did report that prior to COVID, DBM would send out emails indicating that Nationwide Retirement Solutions (MSRP) would be at our Agency on a specific date and encouraged staff to make an appointment to speak with a representative.

Mr. Noven reported that staff is speaking with the MSRP to coordinate ways to inform members of the supplemental retirement plans before they are within five years of retirement.

Adjournment

There being no further business before the Committee, on a motion made by Mr. Brandt and seconded by Mr. Norman, the meeting adjourned at 10:07 a.m.

Respectfully submitted,

Martin Noven,

Secretary to the Board