

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

February 2, 2016

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)	Kenneth Haines
Theresa Lochte, Vice Chairman (via phone)	Sheila Hill (via phone)
Susanne Brogan (via phone)	Marc Nicole (via phone)
	Richard Norman (via phone)

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

Anne Budowski	Anne Gawthrop	Michelle Lowery
Margaret Bury (via phone)	Michael Golden	Ken Reott
Melody Countess	Ira Greenstein	Janet Sirkis
Brian Feilinger	Angie Jenkins	

Assistant Attorneys General present included: Rachel Cohen and Sharon Street

**Minutes**

Ms. Susanne Brogan identified on page five of the minutes, under the second bullet, the need for a space between "FY2016" and "as". Ms. Brogan requested that a typographical error be corrected.

On a motion made by Mr. Haines and seconded by Ms. Lochte, the Administrative Committee approved, with an amendment to page five, the December 1, 2015 open session meeting minutes.

**2016 Legislative Bill  
Review**

Ms. Anne Gawthrop provided the Committee an overview of the 2016 pension related legislation introduced to the General Assembly to date. *See Attachment A.*

**Adoption of Proposed  
Amendments to  
COMAR Regulations  
– 22.05.05 – Transfer  
of Service Credit**

Ms. Anne Budowski presented to the Administrative Committee amendments to the regulations regarding Transfer of Service Credit.

Ms. Budowski reported that staff believes the amendments are necessary to define certain terms, to clarify when a transfer is allowed, to define a break in employment, to clarify language regarding the review of the denial of a request for a waiver and to clarify language permitting the Executive Director to present directly to the Board of Trustees any waiver requests that were not timely made.

Ms. Brogan asked why certain language was being changed from "becoming a member of the new system" to "commencing new employment."

Ms. Budowski responded that the Agency's MPAS system shows an employee's enrollment date as the 1<sup>st</sup> of the month, following the employee's start date. The change in language would clarify that the deadline is 1-year from the employee's start date not when they are enrolled in the Retirement or Pension System.

Ms. Brogan asked when the regulations would be submitted to AELR.

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Ms. Budowski responded that with the Board's approval for publication of the amended regulations, staff would submit the amendments to AELR at the end of the current legislative session.

Ms. Lochte asked what the relevance is in keeping "on or before June 30, 2011" in section 22.05.05.04C(2) of the regulation, if that date has long passed.

Ms. Budowski responded that staff kept that language as a point of reference for future interpretation of the regulations and the need for historical context.

Ms. Brogan responded that she recalled having an issue recently before the Board where it was useful having the language that showed the prohibition date.

On a motion made by Ms. Brogan and seconded by Ms. Lochte, the Administrative Committee voted to recommend that the Board of Trustees propose for adoption, and publish in the Maryland Register for comment, the amendments of the regulation.

**Member Services  
Update**

Ms. Budowski reported that the unit was unable to meet its performance goals for December 2015. The unit's call abandonment rate was 6.71% and the average speed of answer was 1:09 seconds.

Ms. Brogan asked about the following comments in the "Suggestions to Improve Service" section of the member services report:

- "I recently changed my beneficiaries but never received confirmation from you. As a result, I had to call to be sure the changed had been made."

Ms. Brogan asked if the Agency sends confirmations out to members when a requested change has been made.

Ms. Budowski responded that the Agency does not have the manpower to send confirmation letters when changes have been made, however, the change would be reflected on the member's Personal Statement of Benefits.

- "I wanted to change direct deposit to another bank. Recorded message asked for pin #. Pin #??? Social Security completed change over the phone."

Ms. Brogan asked if the Agency requires a PIN and if so, what is it?

Ms. Budowski responded that the IVR requires the social security number and a PIN, which is the member's enrollment month and year.

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Ms. Budowski reported that the unit carried four vacancies in December.

Mr. Kenderdine reported that the recruitment process has been difficult but things are improving and interviews have occurred with the Agency close to making offers.

Ms. Bury further reported that the unit currently has five vacancies, of the five, three offers have been made and the other two will remain frozen. In addition, Benefits Administration is also recruiting for 14 other positions in the division.

Ms. Brogan asked if filling those positions would help with the backlog.

Ms. Bury responded that she believes it would help with the backlog.

**Resolution**

Mr. Kenderdine reported that at the January Board meeting he announced that Anne Budowski, Deputy Retirement Administrator was leaving the Agency to take a job with Anne Arundel County and that it was Ms. Budowski's last day.

Trustee Haines presented Ms. Budowski with a resolution from the Board of Trustees acknowledging Ms. Budowski's service to the Agency, the System and its members.

**Summary of Agency's  
IT Master Plan  
FY2017**

Mr. Ira Greenstein presented a summary of the Agency's IT Master Plan which was submitted to the Department of Information Technology (DoIT).

Mr. Greenstein reported that production runs with very little unplanned downtime.

Mr. Greenstein also reported that DoIT requires plans to be categorized in short-term, mid-term and long-term goals. The Agency's plan is focused more towards the mid-term (2-5 years) strategy with plans to initiate service portals, begin to convert MPAS programs to online real-time services, increase application integrations, further improve security, improve disaster preparedness, and begin to address the existing accumulated backlog in application development.

Mr. Kenderdine indicated that all State agencies are required to provide such a plan to DoIT, as DoIT's responsibility is to monitor all State IT activity.

**Board Work Plan  
Annual Checklist**

Mr. Kenderdine provided the Administrative Committee with the Board work plan annual checklist for calendar year 2016. Mr. Kenderdine indicated that no changes had been made to the schedule since last year.

**Other Business**

Mr. Marc Nicole asked how the Agency will respond to the disability issue raised by the budget analyst.

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Mr. Kenderdine reported that this issue stemmed from study conducted over the summer by the Department of Legislative Services (DLS) staff, Michael Rubenstein, Phillip Anthony and Dana Tagliacod with the support of Agency staff. The results of this work were reported to the Joint Committee on Pensions (JCP) at its meeting last November. The JCP has decided to move forward with some of the recommendations. The Agency has not recommended a position for the Board in this matter as it deals with potential changed to benefits and the Board is not authorized to advocate for or against changes to benefits.

Ms. Bury responded that Agency staff saw a draft of the legislation and that staff is assisting DLS in drafting legislation to implement the JCP's decision for disability benefit reform.

Mr. Kenderdine reported on the DLS analysis of and recommendations for the Agency's FY2017 budget. He reported that one of two new positions for Benefits Administration and funds for equipment have been recommended to be cut from the budget and the Agency is concurring with those cuts. There are two other recommended cuts, one to funds for IT contractor resources and one for postage. The Agency will oppose these cuts.

Mr. Kenderdine also reported that representatives from NEPC, the independent general investment consultant that conducted a review of the System's asset allocation, would be in Annapolis on February 2 and 5, 2016, to present their reports to the JCP.

Mr. Kenderdine also reported that the Trustee election matter will also be discussed in the budget hearing.

**Adjournment**

There being no further business before the Committee, on a motion made by Mr. Norman and seconded by Mr. Haines, the meeting adjourned at 10:24 a.m.

Respectfully submitted,



R. Dean Kenderdine,  
Secretary to the Board

## Legislative Update 2016 Session February 2, 2016

### **House Bill 38 (McConkey)**

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

This proposed legislation authorizes the Board of Trustees for the SRPS to require disability retirees who are under normal retirement age to undergo a medical examination if the board believes good cause exists for such a reexamination. The bill further provides that, if, following the reexam, the retiree is no longer found to be disabled, the Board may suspend the retiree's allowance until the individual reaches normal retirement age. In addition, House Bill 38 also 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 in Appropriations – 2/2/16, 12:30 pm

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

### **House Bill 379 (Barnes as Chair for JCP)/Senate Bill 343 (Peters as Chair for JCP)**

#### **Employees' and Teachers' Pension Systems – Reformed Contributory Pension Benefit – Eligibility Service Clarifications**

This board requested legislation addresses three instances in which reference to the Reformed Contributory Pension Benefit was inadvertently omitted from various sections of the State Personnel and Pensions Article. The omitted provisions address eligibility service in Title 23 and should have been amended in 2011 to include reference to the RCPB, when the RCPB was established.

- Hearing in Appropriations – 2/2/16, 12:30 pm
- Hearing in Budget and Tax – 2/11/16, 9:00 am

**Board requested legislation.**

### **House Bill 380 (Barnes as Chair for JCP)/Senate Bill 344 (Peters as Chair for JCP)**

#### **State Retirement and Pension System – Local Fire and Police System – Commingling of Assets**

This board requested legislation removes an obsolete reference to the Local Fire and Police System in the State Personnel and Pensions Article that provides that the assets of the LFP may be commingled with other SRPS assets, provided separate documents are maintained.

- Hearing in Appropriations – 2/2/16, 12:30 pm
- Hearing in Budget and Tax – 2/11/16, 9:00 am

**Board requested legislation.**

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**House Bill 381 (Barnes as Chair for JCP)/Senate Bill 321 (Peters as Chair for JCP)  
State Retirement and Pension System – Board of Trustees – Designee Appointments and Fiduciary Duties**

This board requested legislation authorizes the Treasurer, Comptroller, and Secretary of Budget and Management to appoint either a deputy or chief of staff as their designees. Additionally, the bills also amend the definition of “fiduciary” to include members of all committees of the board.

- Hearing in Appropriations – 2/2/16, 12:30 pm
- Hearing in Budget and Tax – 2/11/16, 9:00 am

**Board requested legislation.**

**House Bill 382 (Barnes as Chair for JCP)/Senate Bill 345 (Peters as Chair for JCP)  
State Retirement and Pension System – Optional Retirement Allowances – Designated Beneficiaries**

This board requested legislation clarifies that any member, not just JRS members, may designate more than one beneficiary under Option 1 and Option 4. House Bill 382/Senate Bill 345 codify the Agency’s existing practice to allow members of all systems to designate multiple beneficiaries under Options 1 and 4.

- No hearing scheduled in Appropriations at this time.
- Hearing in Budget and Tax – 2/11/16, 9:00 am

**Board requested legislation.**

**Senate Bill 343 (Peters as Chair for JCP)  
Teachers’ Retirement and Pension Systems – Reemployment of Retirees - Clarification**

This board requested legislation clarifies that local school systems may hire up to five retirees, total, from TRS or TPS, combined, to work in any position at any public school and be exempt from the reemployment earnings limitation. This legislation addresses confusion that occurred following the passage of Chapter 189 of 2015. As drafted, Chapter 189 raised questions by local school systems as to whether each school superintendent was authorized to hire up to 10 retirees, total (five from TRS and five from TPS).

- Hearing in Budget and Tax – 2/11/16, 9:00 am

**Board requested legislation.**