

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

March 19, 2013

The Board of Trustees for the Maryland State Retirement and Pension System met in the Board Room of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland beginning at 10:01 a.m.

The Trustees present included:

Peter Franchot, Vice Chairman, Presiding	Sheila Hill
David Blitzstein	F. Patrick Hughes
John Douglass	Major Morris Krome
Robert Hagans	Theresa Lochte
Kenneth Haines	Harold Zirkin
James Harkins	Thurman Zollicoffer, Jr.

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

Anne Budowski	Michael Golden	Kenneth Reott
Margaret Bury	Ira Greenstein	Ben Robb
Melody Countess	Angie Jenkins	Barry Schaub
Patricia Fitzhugh	Van Lewis	Janet Sirkis
Anne Gawthrop	A. Melissa Moye	Toni Voglino

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen, Carla Goldman Katzenberg, John Kuchno, Jill Leiner and Melissa Warren.

Also attended by: John Kenney, Nathan Bowen, Rick Norman and Vasudha Desikan.

Resolution Presentation	In honor of J. Barry Schaub's 42 years of service to the citizens of Maryland, and on the behalf of the entire Board, Comptroller Franchot presented Mr. Schaub with a Board of Trustees' Resolution.
Consent Agenda	On a motion made by Ms. Hill and seconded by Mr. Hughes, the Board approved the consent agenda, which included: <ul style="list-style-type: none">› February 19, 2013 Open Meeting Board Minutes› March 5, 2013 Administrative Committee Report› February 19, 2013 Corporate Governance Committee Report› February 19, 2013 Audit Committee Report› Disability Reports from the Medical Board
2013 Legislative Position Recommendations	<p>Ms. Anne Gawthrop provided an updated overview of 2013 pension related legislation. <i>See Attachment A.</i></p> <p>Ms. Gawthrop indicated that except for HB 379 – State Retirement and Pension System – Administrative and Operational Expenses – Payments and Deductions, which was withdrawn at the request of staff, all other Board Requested legislation has crossed over and is expected to pass.</p> <p>Ms. Gawthrop indicated that for HB 390/SB 741 – State Retirement and Pension System – Board of Trustees, the House Bill passed the House and is awaiting action by the Senate.</p> <p>Ms. Gawthrop indicated that the Senate voted out the budget and amended the BRFA to reduce the FY 2014 “reinvestment of savings” contribution from \$300 Million to \$200 Million. Ms. Gawthrop indicated</p>

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Roeder Smith and Company (GRS), the System's actuary, relating to the application of Governmental Accounting Standards Board (GASB) new Statement No. 67 and No. 68 on the System's and State's financial statement had the Statements been in effect. Mr. Kenderdine indicated that Brian Murphy, from GRS, would be in attendance at the April 16, 2013 Board meeting to discuss these results.

Mr. Kenderdine reminded the Board that the deadline to file the 2012 Financial Disclosure Forms is April 30, 2013.

Mr. Kenderdine informed the Board of the Tri-Annual review of the Board Charters and Policies will have to be conducted in 2013 and asked for volunteers to assist staff in this review. Mr. Zollicoffer volunteered.

CLOSED SESSION

On a motion made by Ms. Hill and seconded by Mr. Harkins, the Board voted to meet in a Closed Session (10:53 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. approving the closed session minutes, pursuant to State Government Article § 10-503(a)(1)(i), the exercise of an administrative function;
2. consulting with staff and counsel regarding pending and potential litigation, pursuant to State Government Article § 10-508(a)(8); and
3. discussing the Executive Director's Evaluation, pursuant to State Government Article § 10-508(a)(1)(i), the exercise of an administrative function.

The Trustees present included:

Peter Franchot, Vice Chairman, Presiding
David Blitzstein
John Douglass
Robert Hagans
Kenneth Haines
James Harkins

Sheila Hill
F. Patrick Hughes
Major Morris Krome
Theresa Lochte
Harold Zirkin
Thurman Zollicoffer, Jr.

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

Anne Budowski
Margaret Bury
Melody Countess
Patricia Fitzhugh

Anne Gawthrop
Michael Golden
Ira Greenstein
Angie Jenkins

Van Lewis
A. Melissa Moye
Kenneth Reott
Janet Sirkis
Toni Voglino

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen, Carla Goldman Katzenberg, John Kuchno, Jill Leiner and Melissa Warren.

Also attended by: John Kenney.

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OPEN SESSION

The Board returned to open session at 11:20 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street.

Margie D. Stuckey

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Margie D. Stuckey for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Stuckey appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

Rose L. Jackson

Prior to hearing Ms. Jackson's appeal, the Board, at Mr. Zollifcoffer's recommendation, indicated for the record that no Trustee on the Board personally knows Ms. Jackson.

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Rose L. Jackson for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Michael Davey, Esq., Ms. Jackson's attorney, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

Mi Y. Pak

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Mi Y. Pak for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Damon Felton, Esq., Ms. Pak's attorney, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

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Mi Y. Pak

The Board voted to **REJECT** the Administrative Law Judge's Proposed Decision and **GRANT** Mi Y. Pak's request for accidental disability benefits.

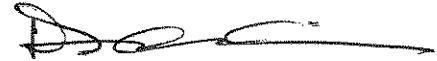
Angela Jarvis

The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Angela Jarvis' request for accidental disability benefits.

Adjournment

There being no further business before the Board, the meeting adjourned at 12:50 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

**BOARD OF TRUSTEES
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***ADMINISTRATIVE COMMITTEE MEETING REPORT
MARCH 5, 2013***

2013 Legislative Bill
Review

Ms. Anne Gawthrop provided the Committee an update of the 2013 pension related legislation. Ms. Gawthrop commented that no new legislation had been submitted since the February 19, 2013 Board of Trustees meeting.

Ms. Gawthrop gave an overview of House Bill 1426/Senate Bill 1308 Law Enforcement Officers' Pension System – Reemployment of Retirees, which was not available at the February 19, 2013 Board of Trustees meeting. Staff recommends opposing this legislation as it creates an unfunded benefit for certain retirees.

On a motion made by Major Krome and seconded by Mr. Haines, the Administrative Committee voted to support the staff recommendation to oppose this legislation.

Finance Reports
Quarter Ending
September 30, 2012

Ms. Melody Countess presented the FY2013 Non-Budgeted Investment Manager and Service Related Fees Report. Within the Equity asset class, the fees paid in basis points decreased by 7.8 basis points. The core Fixed Income asset class had a decrease of .7 basis points. Fees incurred for investment related service providers increased slightly due to built-in contractual fee increases. Alternative Investments experienced a decrease of 17.9 basis points during the first half of FY2013 over FY2012, driven primarily by the closing of the Direct Real Estate program. Alternative Investments are not subject to a fee cap.

Mr. Harkins wanted to know why there was a fairly large change in the Global Investment Managers. Patricia Wild responded that several managers were terminated, funds are being held in the State Street Global account and that State Street is not charging any administrative fees pending reallocation of the funds.

Ms. Melody Countess presented the Administrative Expenses Report and MBE Performance Report for period ending December 31, 2012. Ms. Countess indicated that the Agency has spent 44.4% of the appropriations to date, which is on target. Ms. Countess indicated that administrative fees are coming in from the Participating Governmental Units (PGUs.)

Ms. Brogan asked about the fees associated with Administrative Hearings. Ms. Countess indicated that it is an allocated item and the fees are fully billed at the beginning of the fiscal year.

Ms. Brogan also asked about overtime and whether the System expects to meet the budget appropriations. Mr. Kenderdine responded that he does not expect to stay within budget in this area, but that there's an Agency meeting scheduled to discuss this matter. However, given the number of vacancies and the current volume of retirement estimates and applications for retirement, overtime will be required.

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***ADMINISTRATIVE COMMITTEE MEETING REPORT
MARCH 5, 2013***

MBE Performance ending December 30, 2012 was 52.27%, well above the requirements.

Ms. Brogan commented that legislation has been filed this year that would remove non-profit organizations from the MBE classification.

Member Service
Update

Ms. Anne Budowski updated the Committee on the performance of the Member Services Unit.

Ms. Budowski reported that for Fiscal Year 2013, the Agency continues to operate within the standards for average call wait time and call abandonment. However, for the month of January, 2013, the unit did not meet its performance goals. The abandonment percentage was 7.25% and the average speed of answer was 2:03. The unit received a total of 10,453 calls in January 2013 – 2,936 more than December 2012. The recent member satisfaction survey found 96.1% of respondents rating the service received as satisfactory or better.

**BOARD OF TRUSTEES
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***CORPORATE GOVERNANCE COMMITTEE MEETING REPORT
FEBRUARY 19, 2013***

Informational Items for the Board

- The Committee received proposed meetings dates for 2013. The Committee unanimously approved the 2013 meeting dates as listed below:

February 19, following the Board of Trustees meeting
May 10, following the Investment Committee meeting
August 20, following the Board of Trustees meeting
November 19, following the Board of Trustees meeting

- The Committee was updated on the upcoming Council of Institutional Investors Spring meeting that will be held in Washington D.C. on April 17-19.
- Information on the Shareholder Rights Project was shared. Staff will ask the group to present at a future meeting.
- Mr. Blitzstein informed the Committee on the latest report from UNPRI on ESG.
- Mr. Blitzstein informed the Committee that the UK based investment management company, F&C, was able to work with Standard and Poors to include ESG factors in its ratings for fixed income companies.

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***CORPORATE GOVERNANCE COMMITTEE MEETING REPORT
FEBRUARY 19, 2013***

Recommended Action Items for the Board

Item #1: Iran-Sudan Divestment Update and Review

- The Committee received the semi-annual Iran/Sudan Divestment Analysis. They reviewed and discussed staff's recommendations to add eight companies and remove seven companies to/from the Restricted List. The Committee unanimously agree to accept staff's recommendation to add/remove the following names from the Restricted List:

<u>ADD</u>	<u>REMOVE</u>
<ul style="list-style-type: none">▪ China National Petroleum Corporation▪ China Petroleum & Chemical Corporation▪ Petroliam Nasional Berhad (Petronas)▪ PT Pertamina (Persero)▪ Regency Mines PLC▪ Schneider Electric SA▪ Sirocco Energy▪ Statesman Resources Ltd.	<ul style="list-style-type: none">▪ AREF Investment Group S.A.K.▪ Arzarmasskiy mashinostroitel'niy zavod OAO▪ Dongfeng Motor Group Company Limited▪ Egypt Kuwait Holding Co (SAE)▪ GAZ OAO (aka OAO GAZ)▪ Indian Oil Corporation Ltd.▪ Waertsilae Oyj Abp (Wartsila Oyj)

- The Committee received a memo detailing staff's recommendation to divest from Gazprom, a company that is actively doing business in Iran and has been non-responsive to engagement. The Committee unanimously decided to accept staff's recommendation to instruct the System's investment managers to divest their Gazprom holdings in eligible accounts.

ACTION: To approve the Committee's recommendations as stated above.

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ATTACHMENT A

**Legislative Update
2013 Session
March 19, 2013**

**House Bill 239 (Kipke)
Full Pension Funding Act**

This legislation phases out the corridor funding methodology used for determining employer contribution rates for the Employees' and Teachers' Retirement and Pension Systems over a 10-year period.

- Voted unfavorable by Appropriations - 2/15/13

STAFF RECOMMENDATION:

Given the schedule for the bill's hearing and the Board's support of a phase out of corridor funding through the DLS/SRA corridor proposal (HB496/SB474), staff testified in support of HB 239 but recommended amendments to include the 25-year amortization schedule for the System to reflect the DLS/SRA proposal.

House Bill 258 (Rosenberg)/Senate Bill 800(Jones-Rodwell)

Task Force to Study Phased Retirement for Maryland State Employees

House Bill 258/Senate Bill 800 establish a Task Force to Study Phased Retirement for Maryland State Employees. These bills include the Executive Director of the State Retirement Agency, or the Executive Director's designee, as a member of the task force. In addition, the bills provide that the SRA and DBM shall provide staff for the task force. Specifically, the task force is charged with studying phased retirement options for experienced State employees, including (1) the advantages and disadvantages of having experienced State employees mentor and train employees who will later fill the positions of the experienced employees who are preparing for retirement; (2) the potential fiscal effects on employees and the State if a phased retirement option is offered; and (3) the potential eligibility requirements for a phased retirement option.

- HB258 passed the House, 3/7/13. No hearing scheduled in Budget and Tax at this time.
- SB800 hearing scheduled in Budget and Tax – 3/7/13.

STAFF RECOMMENDATION:

The Administrative Committee recommends taking no position on this legislation.

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ATTACHMENT A

**House Bill 376 (Griffith, as chair of the JCP)/Senate Bill 269 (Jones-Rodwell, as chair of the JCP)
State Retirement and Pension System – Correction of Errors**

This is board requested legislation that removes the restriction limiting the Board to only recover errors that occur “in the record”. This amendment clarifies that the Board may correct any error that results in a retiree or beneficiary receiving a benefit that differs from the actual benefit to which they are entitled.

- HB376 hearing scheduled in Budget and Tax -3/21/13
- SB269 hearing scheduled in Appropriations – 3/26/13

**STAFF RECOMMENDATION:
BOARD REQUESTED LEGISLATION**

**House Bill 379 (Griffith, as Chair of the JCP)/Senate Bill 475 (Jones-Rodwell, as Chair of the JCP)
State Retirement and Pension System – Administrative and Operational Expenses – Payments and Deductions**

This is board requested legislation repealing provisions that allow the Governor to reduce the State employer contribution to the System by the amount of administrative expenses paid by a local employer. In addition, HB379/SB475 also repeal a similar provision that allows a participating governmental unit to reduce the PGU’s employer contribution to the System by the amount of administrative expenses paid by the PGU.

**STAFF RECOMMENDATION:
This bill was withdrawn at the request of the staff for the State Retirement Agency - 2/20/13.**

**House Bill 387 (Bates)
State Retirement and Pension System – Truth in Pension Accounting Act**

House Bill 387 requires the Board to adopt the interest rate described in § 430(h)(2) of the Internal Revenue Code as the assumed rate of investment return. Section 430(h)(2) of the IRC sets the rate for private sector single employer defined benefit plans. This rate is currently approximately 6%.

- Voted unfavorable by Appropriations – 3/1/13

**STAFF RECOMMENDATION:
The Administrative Committee recommends opposing this legislation.**

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ATTACHMENT A

**House Bill 390 (Griffith and James)/Senate Bill 741 (Jones-Rodwell)
State Retirement and Pension System – Board of Trustees**

This proposal would add one trustee to the Board to represent the interests of county governments. This individual is required to have at least 10 years of experience in financial management and oversight of county government budgets. This trustee would be appointed by the Governor and may be selected from a list submitted by the Maryland Association of Counties.

- HB390 hearing scheduled in Budget and Tax – 3/21/13.
- Hearing scheduled in Budget and Tax - 2/21/13

STAFF RECOMMENDATION:

The Administrative Committee recommends taking no position on this legislation.

**House Bill 492 (Otto)/Senate Bill 470 (Mathias)
Employees' Pension System - Somerset County Economic Development Commission - Eligible
Governmental Unit**

Senate Bill 470 would permit Somerset County Economic Development Commission to join the EPS as a participating governmental unit. In addition, it provides that any individual who was employed by the Commission on or before June 30, 2011 and continues to be employed by the Commission on the effective date that the Commission becomes a PGU, shall be a member of the Alternate Contributory Pension Selection.

- HB492 hearing scheduled in Budget and Tax – 3/21/13
- SB470 hearing scheduled in Appropriations – 3/26/13

STAFF RECOMMENDATION:

The Administrative Committee recommends taking no position on this legislation.

**House Bill 494 (Griffith, as chair of the JCP)/Senate Bill 477 (Jones-Rodwell, as chair of the JCP)
State Retirement and Pension System - Employment of Retirees - Required Break in Service**

This is board requested legislation that addresses the issue of reemployment of a retiree of one of the several systems by a different participating employer from whom the retiree was employed at the time of retirement, and where the retiree is performing essentially the same job that the retiree was performing prior to retirement. This proposal amends provisions in each of the several systems addressing reemployment of retirees to impose a 45-day break in service for any retiree reemployed by a participating employer in the System. In addition, House Bill 494/Senate Bill 477 also require a 45-day break in service for disability retirees who are reemployed by any participating employer in the System.

- HB494 hearing scheduled in Budget and Tax – 3/21/13
- SB477 passed the Senate, 3/14/13. No hearing scheduled in Appropriations at this time.

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**STAFF RECOMMENDATION:
BOARD REQUESTED LEGISLATION**

**House Bill 495 (Griffith, as chair of the JCP)/Senate Bill 476 (Jones-Rodwell, as chair of the JCP)
State Retirement and Pension System - Unused Sick Leave Calculation – Clarification**

This is board requested legislation that simplifies the calculation the State Retirement Agency is required to preform to determine the amount of unused sick leave a member may convert to creditable service at the time of retirement. Specifically, it provides that that Board of Trustees shall use the lessor of either the members total years of service multiplied by 15, or the total amount of unused sick leave reported by the participating employer on behalf of the member at the time of retirement.

- HB495 hearing scheduled in Budget and Tax – 3/21/13
- SB476 hearing scheduled in Appropriations – 3/26/13

**STAFF RECOMMENDATION:
BOARD REQUESTED LEGISLATION**

**House Bill 496 (Griffith, as chair of the JCP)/Senate Bill 474 (Jones-Rodwell, as chair of the JCP)
State Retirement and Pension System - Funding Method and Amortization of Unfunded Liabilities
or Surpluses**

This is Joint Committee on Pensions legislation, but is not board requested legislation. HB496/SB474 alter the amortization periods to be used for unfunded liabilities or surpluses of the State Retirement and Pension System to a 25-year closed amortization period and phases out the corridor funding methodology used for determining employer contribution rates for the Employees' and Teachers' Retirement and Pension Systems over a 10-year period.

- HB496 voted favorable by Budget and Tax – 3/14/13
- SB474 voted favorable by Budget and Tax – 3/14/13

**STAFF RECOMMENDATION:
The Administrative Committee recommends supporting this legislation.**

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ATTACHMENT A

House Bill 718 (Serafini)/Senate Bill 813(Shank)

State Retirement and Pension System - Service Credit for Unused Sick Leave

This proposal provides that a member of a State system who was transferred involuntarily from another State system as a result of a change in position and is rendered ineligible for membership in the former State system, eligible to receive creditable service at retirement for unused sick leave accumulated in the former system. In addition House Bill 718/Senate Bill 813 require the Department of Legislative Services to report to the Joint Committee on Pensions on or before December 1, 2013 the cost of authorizing a member of CORS to remain a member of CORS even though the member is promoted to a position in which the member must join the EPS as a condition of employment.

- HB718 voted favorable with amendments by Appropriations Pension Subcommittee – 3/14/13
- SB813 voted favorable with amendments by Budget and Tax – 3/7/13

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

House Bill 780 (Aumann)

State Employees' Pension Choice Act

This bill provides that individuals who are employed on or after July 1, 2013, and who as a result of that employment would otherwise be members of the EPS or the TPS, will now have the option to join the ORP. An individual making such an election may not join the EPS or the TPS.

- Appropriations voted unfavorable - 3/14/13

STAFF RECOMMENDATION:

Staff recommends opposing this legislation.

House Bill 819 (Schub)

Prudent Pension Management Act

This bill prohibits the State or any county or municipality from issuing pension obligation bonds. In addition it also prohibits the Board of Trustees for the State Retirement and Pension System or the trustees or other officers in charge of certain local pension or retirement systems from investing more than a certain 10% of assets of the pension or retirement system in alternative investments.

- Hearing scheduled in Appropriations – 3/12/13

STAFF RECOMMENDATION:

Staff recommends opposing this legislation.

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ATTACHMENT A

**House Bill 852 (Griffith, as chair of the JCP)/Senate Bill 801 (Jones-Rodwell, as chair of the JCP)
State Retirement and Pension Systems - Cost-of-Living Adjustments - Simplification and
Clarification**

This is board requested legislation that clarifies the calculation of cost-of-living adjustments for retirees of the State Retirement and Pension System. This proposed legislation would not make any substantive changes to the COLA calculations for any of the several systems.

- HB852 hearing scheduled in Budget and Tax – 3/21/13
- SB801 hearing scheduled in Appropriations – 3/26/13

**STAFF RECOMMENDATION:
BOARD REQUESTED LEGISLATION**

**House Bill 902 (Guzzone)/Senate Bill 751 (Robey)
State Police Retirement System - Reemployment of Retirees**

House Bill 902/Senate Bill 751 clarify that retirees of the State Police Retirement System who are reemployed as troopers first class are exempt from the reemployment earnings offset and subject to other reemployment criteria. These bills also extend the termination date for the reemployment provisions addressing reemployed troopers first class to June 30, 2018.

- HB902 passed Appropriations Pension Subcommittee favorable with amendments – 3/14/13
- SB751 hearing scheduled in Appropriations – 3/26/13

**STAFF RECOMMENDATION:
Staff recommends supporting this legislation.**

**House Bill 1024 (McDermott)/Senate Bill 674(Edwards)
Employees' Pension System – Elected or Appointed Officials – Optional Membership**

This legislation provides that certain local elected or appointed officials whose employers are participating employers of the State Retirement and Pension System may elect to join or may elect to cease membership in the Employees' Pension System.

- HB1024 passed Appropriations favorable with amendments - 3/14/13
- SB674 passed the Senate favorable with amendments, 3/14/13. No hearing scheduled in the House.

**STAFF RECOMMENDATION:
Staff recommends taking no position on this legislation.**

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ATTACHMENT A

House Bill 1264 (George)

Task Force to Study Forfeiture of Retirement Benefits for Public Officials Charged with or Convicted of a Crime

This proposed legislation establishes a Task Force to Study Forfeiture of Retirement Benefits for Public Officials Charged with or Convicted of a Crime. These bills include the Executive Director of the State Retirement Agency, or the Executive Director's designee, as a member of the task force. The task force is charged with studying the possible forfeiture or suspension of retirement benefits for public officials when charged with or convicted of a criminal act, including: (i) the circumstances under which retirement benefits should be subject to forfeiture or suspension; (ii) the public officials that should be subject to possible forfeiture or suspension of benefits; (iii) the process for making a determination to suspend or forfeit retirement benefits; and (iv) the process for notifying the appropriate agency if a determination is made to suspend or forfeit retirement benefits.

- Hearing scheduled in Appropriations – 3/7/13

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

House Bill 1318 (Hucker)

Maryland Secure Choice Retirement Savings Program and Maryland Secure Choice Retirement Savings Trust

This proposal establishes a Maryland Secure Choice Retirement Savings Trust intended to promote greater retirement savings for Maryland private sector employees in a convenient, voluntary, low-cost, and portable manner. The Trust is managed by a board of eight individuals, including the Secretary of Budget and Management, the Treasurer, the Comptroller, and five individuals appointed by the Governor. The funds of the Trust may be invested by the Treasurer or through a contract with the Board of Trustees for the State Retirement and Pension System. The Trust is privately insured. The bill provides that private sector employers shall offer their employees the option to participate in a payroll-deposit IRA arrangement. For the first three months, employer participation in this program is optional. Beginning at the start of the fourth month, and every three months thereafter, employer participation is mandatory depending on the number of employees each eligible employer has employed. Full participation is mandated by the ninth month of the program's inception.

- Voted unfavorable by Appropriations – 3/14/13. No vote taken in ECM at this time.

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

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ATTACHMENT A

House Bill 1383 (McDermott)

Law Enforcement Officers' Pension System - Deferred Retirement Option Program - Expanded Eligibility

This proposal would authorize members of LEOPS to participate in the DROP for 2 years if the member has at least 29 years and fewer than 34 years of creditable service. Currently, members of LEOPS may only participate in the DROP if they have less than 30 years of service.

- Hearing scheduled in Appropriations – 3/20/13

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

House Bill 1363 (Cluster)

State Law Enforcement Officers – Compensatory Leave – Cash Compensation and Creditable Service

House Bill 1363 provides that State law enforcement officers are entitled to receive compensation for 250 hours of unused compensatory leave earned during each calendar year. In addition the proposal also provides that if, at the time of retirement, the law enforcement officer has not received compensation for the unused compensatory leave, the officer may convert up to 480 hours of unused compensatory leave to creditable service. The rate of conversion is the same rate used for converting unused sick leave to creditable service – for every 22 days, the law enforcement officer would receive one month of creditable service.

- Hearing scheduled in Appropriations – 3/20/13

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

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ATTACHMENT A

House Bill 1384 (Haddaway-Ricco)/Senate Bill 885 (Colburn)

State Retirement and Pension System – Board of Trustees – County Representation

This proposal would add two trustees to the Board to represent the interests of county governments. One individual is required to have at least 10 years of experience in financial management and oversight of county government budgets. The second trustee is required to have expertise in collective bargaining contracts and negotiations with employee organizations. Both trustees would be appointed by the Governor and shall be selected from a list submitted by the Maryland Association of Counties.

- Hearing scheduled in Appropriations – 3/20/13
- Hearing scheduled in Budget and Tax - 3/7/13

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.

House Bill 1414 (Serafini)

State Retirement and Pension System - Report on Proposal to Authorize Counties to Elect Alternate Pension Options for Teachers

This proposal would require the Board of Trustees to submit a report to the Joint Committee on Pensions, the Senate Budget and Taxation Committee, and the House Appropriations Committee, on transitional statutory provisions that may be necessary or desirable if legislation were enacted to authorize a governing body of a county to elect to alter, prospectively, the form of pension benefits of current or future county board employees of the county. In addition, the report is required to include, in part, in relation to an individual county's election: (1) a description of the impact on the State Retirement and Pension System's actuarial liabilities and unfunded liabilities and the county's liability for that impact; (2) recommendations for a method of accounting for unfunded liabilities attributable to the county board employees from that county; (3) the impact on employer contributions required under § 21-304(b)(4) of the State Personnel and Pensions Article and recommendations on how employer contributions should be altered for a county that makes an election; and (4) considerations related to whether the county chooses to place county board employees in a defined benefit plan, defined contribution plan, or other type of plan.

- Hearing scheduled in Appropriations – 3/20/13

STAFF RECOMMENDATION:

Staff recommends opposing this legislation.

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

March 19, 2013

ATTACHMENT A

House Bill 1426 (DeBoy)/Senate Bill 908 (Robey)

Law Enforcement Officers' Pension System - Reemployment of Retirees

This proposal provides that a LEOPS retiree is required to terminate participation in the LEOPS DROP prior to being reemployed as a contractual DNR officer or officer first class. In addition, this bill also provides that a LEOPS retiree reemployed as a contractual DNR officer or officer first class is eligible for disability from LEOPS if the retiree is injured as a reemployed retiree. The bill further provides that line of duty death benefits shall be paid on behalf of the retiree if the reemployed retiree is killed in the line of duty as a reemployed contractual DNR officer or officer first class.

- Hearing scheduled in Appropriations – 3/26/13
- Hearing scheduled in Budget and Tax - 3/7/13

STAFF RECOMMENDATION:

Staff recommends opposing this legislation inasmuch as it creates an unfunded benefit for certain retirees.

House Bill 1518 (Clippinger)

Pension and Retirement Health Benefits - Child Support Enforcement Administration Employees - Transferees from Baltimore City State's Attorney's Office

House Bill 1518 would allow former employees of the Baltimore City State's Attorney's Office who were transferred on or before October 1, 2012, to the Employees' Pension System of the State of Maryland and the State Personnel Management System as employees of the Child Support Enforcement Administration to elect to remain in the Employees' Pension System or to elect to terminate membership in the Employees' Pension System and be reinstated as members of the Employees' Retirement System of the City of Baltimore.

- No hearing has been scheduled in the House at this time.

STAFF RECOMMENDATION:

Staff recommends opposing this legislation because as drafted, this bill presents issues that could threaten both the tax qualified status of the State Employees' Pension System and the Baltimore City Employees' Retirement System.

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

March 19, 2013

ATTACHMENT A

Senate Bill 1051 (Rosapepe)

Maryland Private Sector Employees Pension Plan and Trust

Senate Bill 1051 establishes the Maryland Private Sector Employees' Pension Plan and the Maryland Private Sector Employees' Pension Trust, which are intended to promote greater retirement savings for Maryland private sector employees in a convenient, voluntary, low-cost, and portable manner. The Trust is managed by a board of seven individuals, including the Secretary of Business and Economic Development, the Treasurer, the Comptroller, and four individuals appointed by the Governor. This proposal also creates Maryland Private Sector Employees' Pension Plan Workgroup. The Workgroup consists of 10 members, including the Treasurer and the Comptroller. It is charged with studying the feasibility of implementing a private sector employees' pension plan in Maryland. The Workgroup would be required to report its findings and recommendations to the Governor and General Assembly on or before December 31, 2013.

- No hearing has been scheduled in the Senate at this time.

STAFF RECOMMENDATION:

Staff recommends taking no position on this legislation.