

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

April 21, 2015

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, 16th Floor Board Room, Baltimore, Maryland beginning at 12:45 p.m.

The Trustees present included:

Nancy K. Kopp, Chairman Presiding
Peter Franchot, Vice Chairman
David Blitzstein
James Bush, Jr.
John Douglass
Robert Hagans
Kenneth Haines

James Harkins
Linda Herman
F. Patrick Hughes
Theresa Lochte
Richard Norman
Harold Zirkin
Thurman Zollicoffer

Other Attendee Included: R. Dean Kenderdine, Executive Director/Board Secretary, Susanne Brogan and John Kenney.

CLOSED SESSION

On a motion made by Mr. Hughes and seconded by Mr. Zollicoffer, the Board voted to meet in a Closed Session, beginning at 12:45p.m., in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

1. discussing the Appointment of a Chief Investment Officer, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction;
2. discussing the Executive Director's Evaluation, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction;
3. consulting with counsel regarding fiduciary duties and System funding, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice;
4. reviewing the closed session minutes, pursuant to General Provisions Art., § 3-103(a)(1), the exercise of an administrative function; and
5. reviewing the Medical Board reports, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and personal information.

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Other Attendees Included: R. Dean Kenderdine, Executive Director/Board Secretary, Susanne Brogan and John Kenney.

OPEN SESSION

On a motion made by Mr. Hughes and seconded by Mr. Haines, the Board returned to open session at 12:55 p.m.

The Trustees present included:

Nancy K. Kopp, Chairman Presiding
Peter Franchot, Vice Chairman
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Other Attendees Included: R. Dean Kenderdine, Executive Director/Board Secretary, Susanne Brogan and John Kenney.

Consent Agenda

Mr. Kenderdine indicated that on page 7 of the March 17, 2015 open minutes of the Board, in the section regarding the disability appeal of Mark Schreck, the name of another claimant was inserted in place of Mr. Schreck's name. Mr. Kenderdine requested that the wrong name be removed and Mr. Schreck's name be inserted to correct that error.

On a motion made by Ms. Lochte and seconded by Mr. Blitzstein, the Board approved the consent agenda, which included:

- › March 17, 2015 Open Meeting Board Minutes, with amendments
- › April 7, 2015 Administrative Committee Meeting Report
- › April 7, 2015 Ad Hoc Committee on Disability Appeals Meeting Report

**Analysis and
Recommendations
for the Economic
Portion of the
MSRPS Experience
Study**

By consensus, the Board deferred the presentation by Gabriel Roeder Smith & Company (GRS), such that the full experience study report of GRS as well as their recommendations for the economic and demographic actuarial assumptions will be presented at the May 21, 2015 meeting of the Board of Trustees.

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| 2015 Legislation Update | By consensus, the Board deferred the discussion of the final legislative update until the May 21, 2015 meeting of the Board of Trustees. |
| Trustee Orientation to "Director's Desk" Board Portal | The Trustee orientation to the Director's Desk Board Portal was cancelled and will be rescheduled at a later date. |

The Board also reported that during the closed session the Board reviewed and voted on the following issues:

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| Appointment of a Chief Investment Officer | The Board voted to <u>APPROVE</u> , the Investment Committee's recommendation to appoint the recommended candidate for the position of Chief Investment Officer. |
| Executive Director's Evaluation | The Board voted to <u>DEFER</u> the discussion of the Executive Director's Evaluation until the June 16, 2015 meeting of the Board of Trustees. |
| Fiduciary Duties and System Funding | The Board voted to <u>DEFER</u> the discussion with Counsel regarding fiduciary duties and System funding until the May 21, 2015 meeting of the Board of Trustees. |
| March 17, 2015 Closed Session Board Minutes | The Board voted to <u>APPROVE</u> the March 17, 2015 Closed Session Board Minutes. |
| Medical Board Reports | The Board voted to <u>ADOPT</u> the Medical Board Reports from March 19, 2015, March 25, 2015, April 2, 2015, April 8, 2015 and April 16, 2015. |
| Adjournment | There being no further business before the Board, on a motion made by Ms. Lochte and seconded by Mr. Harkins, the meeting adjourned at 1:05 p.m. |

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

**BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

***ADMINISTRATIVE COMMITTEE MEETING REPORT
APRIL 7, 2015***

Medical Board
Physician
Recommendations

The Administrative Committee was provided a Curriculum Vitae of Dr. Charles J. Lancelotta, Jr.

Ms. Margaret Bury indicated that the law allows for more than one Medical Board and three alternate physicians, should a physician be unable to serve on a Medical Board for any reason. Ms. Bury recommended approval of Dr. Lancelotta to serve, as an alternate physician, on the System's Medical Board. Ms. Bury informed the Committee that Dr. Lancelotta is a Neurosurgeon and has staff appointments at Howard County General Hospital, St. Agnes Hospital and the University of Maryland Medical Center.

On a motion made by Mr. Douglass and seconded by Mr. Haines, the Administrative Committee approved, for recommendation to the Board, the addition of Dr. Charles J. Lancelotta, Jr., as an alternate physician to the Medical Board.

Member Services
Update

Ms. Budowski updated the Committee on the performance of the Member Services Unit. Ms. Budowski reported that the unit did not meet its performance goals for the month of March due to an increase in call volume. The increase in call volume was mainly related to the voluntary separation and early retirement incentive programs offered by the State and four counties. The unit's call abandonment rate was 17.51% and the average speed of answer was 3:39. Ms. Budowski indicated that she added an "outbound calls answered" column in her report. The column reflects the number of callers who sat in the call queue and who were called back by staff, which for the month of March totaled 1,552 calls.

2015 Legislative Bill
Review

THIS MATTER WILL BE DISCUSSED OUTSIDE THE CONSENT AGENDA.

Ms. Anne Gawthrop provided the Committee an update of the 2015 pension related legislation.

Ms. Gawthrop reported that no legislation opposed by the Board had passed and that the language about which the Board had concerns in pending charter school legislation was removed.

Ms. Brogan asked for an update on the Budget.

Ms. Gawthrop and Mr. Kenderdine responded that the Agency's budget had been approved with one requested new position having been cut. In addition, the budget provides \$75 million in supplemental contributions until the plan is 85% funded. Return to full actuarial funding in FY2017 was retained and language was added which provides up to an additional \$50 million in supplemental funding if, in future years, there is a budgetary surplus greater than \$10 million. The System who receive 50% of all revenues – excess of \$10 million up to a cap of \$50 million.

BOARD OF TRUSTEES
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ADMINISTRATIVE COMMITTEE MEETING REPORT
APRIL 7, 2015

Evaluation of the
Executive Director

**THIS MATTER WILL BE DISCUSSED OUTSIDE THE CONSENT
AGENDA IN CLOSED SESSION.**

Cindy Kollner, Department of Budget and Management presented to the Administrative Committee the results of the performance evaluation of the Executive Director.

The Chairman of the Administrative Committee will present, in Closed Session, those results to the Board of Trustees.

**BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

***AD HOC COMMITTEE MEETING REPORT
APRIL 7, 2015***

Delegation of Final
Decision Making
Authority for Disability
Appeals to the Office
of Administrative
Hearings

Mr. Harkins addressed the Committee and its guests and provided background information of how the process came to be for the Board of Trustees to hear disability appeals. Mr. Harkins explained that the meeting was an informal discussion to hear from the "stakeholders" and to get their input and feedback on the Board's consideration of delegating final decision making authority to the Office of Administrative Hearings (OAH.)

At Mr. Harkins' request, Ms. Cohen summarized the current disability appeals process from receiving an application for disability, to the review through the Agency (from the Medical Board to the Board of Trustees) and to an evidentiary hearing held by the OAH. Ms. Cohen indicated that after the proposed decision is issued by OAH, it takes approximately 4-6 months for the exceptions hearing to take place before the Board of Trustees.

Ms. Cohen reported that in order for the Board of Trustees to change the process and delegate the final decision making authority to OAH, new regulations would need to be adopted.

Ms. Esty asked why it took so long, after the proposed decision, for a claimant to have an exceptions hearing.

Ms. Cohen responded that the Board of Trustees hears 4-5 cases per meeting, 8 meetings per year and the volume of cases results in the time which passes before a hearing is held.

Ms. Esty asked if the full Board heard disability appeals.

Mr. Kenderdine responded that a quorum of the Board of Trustees, nine of the fifteen members, hear disability appeals on a rotating basis.

Ms. Esty asked if the Board had considered other options such as a three-member panel on a day other than a Board meeting day.

Ms. Cohen indicated that a change in practice would require a statutory change.

Ms. Anderson indicated that for disciplinary actions, there is no requirement for the Board of Education to hear oral arguments, but can accept written exceptions.

The Committee will take into consideration, at the next Ad Hoc meeting, the suggestions of Ms. Esty and Ms. Anderson that in lieu of delegating final decision making authority to OAH, the Board consider the suggestions discussed before taking action to revise the appeals process.