

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

September 21, 2021

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call beginning at 1:49 p.m.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding	Jamaal Craddock
Peter Franchot, Vice Chairman	James Daly
Linda Allen	Kenneth Haines
Thomas Brandt	David Hamilton
David Brinkley	Douglas Prouty
Eric Brotman	Michael Stafford, Jr.

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

Robert Burd	Michael Golden	Chandra Puranam
Greg Busch	Angie Jenkins	Ken Reott
Melody Countess	Van Lewis	David Rongione
Robert Diehl	Megan Myers	Janet Sirkis
Patricia Fitzhugh	Kim O’Keeffe	Toni Voglino
Anne Gawthrop	Andrew Palmer	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Brad Armstrong, Brian Murphy, Jeff Tebeau and Amy Williams (GRS); Frank Benham (Meketa); Public Advisor Anne Shelton; Megan Schutz (Treasurer’s Office); Justin Hayes and Alex Butler (Comptroller’s Office)

Consent Agenda	On a motion made by Mr. Haines and seconded by Mr. Brotman, the Board approved the consent agenda, which included: <ul style="list-style-type: none"><li>• August 17, 2021 Open Meeting Board Minutes</li><li>• August 30, 2021 Ad Hoc Committee on Actuarial Economic Assumptions Meeting Summary</li><li>• September 3, 2021 Administrative Committee Meeting Summary</li></ul>
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Presentation by GRS regarding the FY21 Valuation Preliminary Results	Brian Murphy and Amy Williams from Gabriel Roeder Smith & Co. (GRS), the System’s actuarial firm presented the preliminary results of the FY21 valuation and indicated that GRS would be back in October to present the final valuation for recommended employer contribution rates for the Board’s consideration and certification.
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Recommendation of the Ad Hoc Committee on Actuarial Economic Assumptions regarding the Amortization Policy	Mr. Brotman, Chairman of the Ad Hoc Committee on Actuarial Economic Assumptions reported that the Committee met in August and after being presented with information, from GRS, on the System’s current amortization policy, possible alternatives and the impact those alternatives would have on the System’s unfunded liability and contribution rates, the Committee is recommending that the Board approve its support for Alternative 2. Mr. Brotman asked GRS to address the Board.
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Mr. Armstrong presented the following summary of amortization alternatives, all of which would require a statutory change:

	<b>Alternative 1</b>	<b>Alternative 2</b>	<b>Alternative 3</b>	<b>Alternative 4</b>
Policy Change Point	Current period reaches 10-15 years	Current period reaches 15 years	Current period reaches 15 years	Current period reaches 15 years
Amortization of:				
Current UAAL	Continue closed schedule	Continue closed schedule	Continue closed schedule	15 years; <i>rolling</i>
Gains/Losses	15 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Assumption Changes	25 years; closed	25 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Plan Amendments	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed
Evaluation	Model practice	Acceptable with conditions	Acceptable with conditions	Acceptable with conditions

Mr. Armstrong reported that GRS concurs with the recommendation for Alternative 2 as the assumption changes are over a 25-year period and that, if the Board approves the Committee's recommendation, GRS will work with agency staff to address the Legislature.

On a motion made by Mr. Brotman and seconded by the Ad Hoc Committee, the Board voted to approve its support for Alternative 2.

Recommendation  
of the  
Administrative  
Committee  
regarding Board  
Requested  
Legislation

Mr. Haines, Chairman of the Administrative Committee asked Ms. Gawthrop to present the proposed legislation to the Board.

Ms. Gawthrop presented two legislative proposals to the Board of Trustees and recommended 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.

Ms. Gawthrop reported that with the establishment of Chapters 727 and 728 in 2018, the Board was provided with the authority to determine and create positions necessary for carry out the professional investment functions of the Investment Division and to set their compensation, subject to provisions included in the legislation. Included in those bills are provisions that limit the amount by which compensation may be increased to no more than 10% each year for certain Investment Division positions. Additionally, that legislation also prohibits the Board from paying out any unpaid incentive compensation to the CIO or Investment Division staff after they separate from employment.

Ms. Gawthrop reported that since the enactment of Chapters 727 and 728, staff has found that these provisions have unintentionally created inequities among

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Investment Division staff and believes provisions of this legislation will inadvertently place Investment Division staff in a position where they will ultimately have to choose between retirement and receiving financial incentives they have justifiably earned.

**Compensation Levels.** This legislation would grant the Board the authority to provide the staff of the Investment Division who have discretion over investment-related decisions, were employed prior to the passage of Chapters 727 and 728, and continue to receive compensation that is more than 10% below the midpoint of their respective salary ranges relative to the national midpoint, with not more than two one-time salary increases to be approved with the intent to move these individuals up to the midpoint of their respective salary ranges.

Mr. Stafford asked if the budget that was just presented to and approved by the Investment Committee would cover the increases being proposed.

Ms. Gawthrop further responded that the legislation being proposed would not take effect, if approved, until the next fiscal year.

On a motion made by Mr. Haines and seconded by the Administrative Committee, the Board of Trustees approved the legislative proposal as presented.

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**Forfeiting Incentive Compensation at Retirement.** This legislation would amend the provision to provide an exception for retirements of Investment Division staff. Staff believes this amendment could be structured similarly to provisions of law that address converting unused sick leave to service credit at the time of retirement. A similar provision could be added for Investment Division staff that provides that the individual will be entitled to receive any outstanding incentive compensation if the individual retires from State service on or before 30 days after ceasing employment with the Investment Division.

A motion was made by Mr. Haines and seconded by the Administrative Committee to approve the recommended legislation as presented.

Mr. Stafford asked if the incentive compensation would be included in the pension calculation.

Ms. Gawthrop responded that it would not be included in a member's pension calculation.

Mr. Brotman expressed his concerns about the legislation, specifically how the incentive compensation would be paid out after retirement and if it would create any tax issues on the part of the System or the member.

Ms. Gawthrop responded that the Board could defer this matter, so that staff could gather information regarding tax issues and report back to the Board next month.

Mr. Haines withdrew his motion recommending that the proposed legislation regarding forfeiting incentive compensation at retirement be approved.

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On a motion made by Mr. Haines and seconded by Mr. Brotman, the Board voted to defer this matter.

Recommendation  
of the  
Administrative  
Committee  
regarding  
Proposed  
Amendments to  
COMAR 22.01.11  
– Employment of  
a Retiree by a  
Participating  
Employer

Mr. Haines, Chairman of the Administrative Committee asked Mr. Reott to address the Board.

Mr. Reott provided background information regarding COMAR 22.01.11 – Employment of a Retiree by a Participating Employer, reporting that this regulation had not been amended since 2010. Since that time, several statutes governing reemployment of retirees have steadily evolved. Therefore, staff is proposing to repeal the prior chapter and replace it with the revised proposed chapter presented in the meeting book.

Ms. Myers reported on the following proposed amendments to COMAR 22.01.01:

COMAR 22.01.11.01 – has combined the form “Scope” and “Definition” sections into a single section for better ease of administration and interpretation.

COMAR 22.01.11.02 clarifies the legally required bona-fide separation of service that characterizes a genuine retirement and details the general “45-day rule” prohibiting certain reemployment within 45 days after retirement.

COMAR 22.01.11.03 provides a more detailed and specific summary of how the Agency administers the reemployment earnings limitation than current regulations provide. Subsection A clarifies that the regulations in COMAR 22.01.11.03 apply only to those who are subject to an earnings limitation (and not, for example, to members of the State Police Retirement System). Subsections B and C clarify the reporting obligations of participating employers. Subsections D through G detail how the Agency administers the earnings limitation, including by applying a retirement allowance reduction and providing notice to affected retirees. These detailed provisions summarize the complex provisions affecting earnings limitation administration and help the Agency to explain its administration of the statutes to affected individuals.

COMAR 22.01.11.04 summarizes the Agency’s administration of benefit suspensions (rather than reductions) due to an individual’s reemployment with a participating employer. Subsection A confirms a long-standing Agency policy regarding the suspension of benefits of retirees holding the specified positions. Subsections B and C summarize the Agency’s suspension authority and the Agency’s obligations to recover any benefits overpaid due to delayed discovery or notice that a retiree’s allowance is subject to suspension.

COMAR 22.01.11.05 provides due process procedures for retirees adversely affected by imposition of an earnings limitation, suspension, or offset. Subsections A through D allow a retiree who would experience financial hardship from an allowance reduction or offset to request extension of the time-period of the reduction or offset by submitting a written request to the Executive Director. Subsections E and F establish a path for administrative review by the Executive Director, and potential administrative appeal, for individuals who contend that they should not be subject to an earnings limitation or allowance suspension at all.

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COMAR 22.01.11.06 and 22.01.11.07 clarify the time periods during which the reemployment limitations do and do not apply.

On a motion made by Mr. Haines and seconded by the Administrative Committee, the Board voted to adopt for publication in the Maryland Register for comment, the amendments to COMAR 22.01.11 – Employment of a Retiree by a Participating Employer, as presented.

Recommendation  
of the  
Administrative  
Committee  
regarding the  
Agency's FY23  
Budget Proposal

Mr. Noven presented his recommended Agency operating budget for FY2023 of \$26,911,108, which includes the Department of Budget and Management's (DBM) budget target of \$26.8 million and a \$102k adjustment that Mr. Lewis has discussed with the DBM's budget analyst.

Mr. Noven reported that the Agency's proposed budget also makes three "over the target" requests as follows:

- Additional technology resources to support improved member service following the completion of MPAS. (\$984,091)
  
- Three (3) additional Benefits Administration regular positions. (\$190,496)
  
- Acquisition of "Workiva" Integrated Financial Reporting Software (\$190,000)

Mr. Daly asked if the agency's budget request covers any Covid-related administrative costs.

Mr. Lewis responded that the agency's budget contains no Covid-related requests.

On a motion made by Mr. Haines and seconded by the Committee, the Board of Trustees approved the FY23 Budget Proposal, as presented. Secretary Brinkley abstained.

Recommendation  
of the Investment  
Committee  
regarding the  
Investment  
Division's FY23  
Budget Proposal

The Board was provided with both information and a request regarding the Investment Division's FY23 budget proposal.

Mr. Burd reported that the Investment Division's FY23 budget request total \$18.4 million, which is 7.75% more than the \$17.1 million that was approved for FY22. Mr. Burd reported that the increase is mostly due to higher costs associated with compensation and benefits as eligible staff progresses toward the salary targets set by the Board.

On a motion made by Mr. Brotman and seconded by the Investment Committee, the Board approved the Investment Division's FY23 Budget Proposal, as presented.

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Recommendation of the Investment Committee regarding Asset Allocation and Benchmarks

The Board was provided with information from Meketa on Asset Allocation policy options.

	Current Policy (%)	Recommended (%)	Liability Efficient (%)	Leverage (%)	Climate Sensitive (%)	Peer Average (%)
<b>Growth/Equity</b>	50	50	46	48	46	55.5
US Equity	16	15	15	15	12	26
Developed non-US Equity	10	9	8	9	9	12.5
Emerging Market Equity	11	10	9	9	8	6.5
Private Equity	13	16	14	15	17	10.5
<b>Credit</b>	9	8	7	7	8	7.5
High Yield, Bank Loans & EM Debt	5	4	3	3	8	4.5
Private Debt	4	4	4	4	0	3
<b>Rate Sensitive</b>	19	21	18	23	18	17.5
Cash & US Investment Grade Bonds	5	6	4	7	6	14
Long-Term Government Bonds	10	10	10	10	8	2.5
TIPS	4	5	4	6	4	1
<b>Real Assets</b>	14	15	21	20	20	14
Real Estate	10	10	10	10	16	10
Natural Resources and Infrastructure	4	5	7	5	4	3
Commodities and Gold	0	0	4	5	0	1
<b>Absolute Return</b>	8	6	8	8	8	5.5
<i>Expected Return (20 years)</i>	<i>7.03</i>	<i>7.11</i>	<i>7.09</i>	<i>7.17</i>	<i>7.07</i>	<i>6.80</i>
<i>Standard Deviation</i>	<i>12.9</i>	<i>13.0</i>	<i>12.6</i>	<i>12.9</i>	<i>12.7</i>	<i>13.3</i>
<i>Probability of 6.8% over 20 Years</i>	<i>52.7</i>	<i>53.8</i>	<i>53.6</i>	<i>54.6</i>	<i>53.3</i>	<i>49.5</i>

On a motion made by Mr. Brotman and seconded by the Investment Committee, the Board approved the recommended changes to the asset allocation and benchmarks, as presented.

Recommendation of the Corporate Governance Committee regarding the Iran-Sudan Divestment

The Board was provided with a memorandum with an updated Iran and Sudan Restricted List, which included a recommendation to add the following six companies to the restricted list:

1. CNPC Global Capital Limited
2. Gaz Finance PLC
3. Kontrolmatik Teknoloji
4. Siemens Energy
5. Sinopec Group Overseas Development (2015) Limited
6. Sinopec Group Overseas Development (2018) Limited

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Mr. Prouty, Vice-Chairman of the Corporate Governance and Securities Litigation Committee reported that the Committee approved the Iran-Sudan Restricted List, as presented, for recommendation to the Board.

On a motion made by Mr. Prouty and seconded by the Corporate Governance and Securities Litigation Committee, the Board approved the recommended Iran and Sudan Restricted List, as presented.

CIO Report

Mr. Palmer presented the final July 2021 tear sheet noting that benchmarks for private equity, real estate and absolute return all reflected updated information since the preliminary report. He reported that the fund return and policy benchmark were at 0.37% for the month, with a fund value of \$67.9 billion.

Turning to the month of August, Mr. Palmer noted that the fund was positive for the month with a fund return of 2.85% and a fund value of \$69.6 billion. He explained that private asset valuations for the June quarter were received in August and contributed meaningfully to the monthly reported returns.

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Mr. Palmer reported that the System would be testifying to the Joint Committee on Pensions during the fourth quarter. He noted that much of the testimony would be a reprise of the summer study sessions. The Committee is interested in speaking about climate change, diversity and in-state investments. The climate discussion is first and will include the results of the strategic asset allocation just presented by Meketa that incorporated climate change scenarios as part of the stress test. This analysis informed the recommendation to the Board.

The second session is targeted to discuss in-state investing to understand how the System is implementing statute that dedicates four years of reinvested savings to in state investing. While not an agenda item, the investment division's work to address improving diversity, equity and inclusion may also be discussed. Connecting the discussion to the Board's agenda, Mr. Palmer pointed out that the Board approved an item in the division's budget item to hire a consultant to begin tabulating diversity among our managers and the broad investment industry.

Treasurer Kopp inquired whether the consultant would be able to provide a measure of how we were doing with respect to diversity within our managers. Mr. Palmer responded that one of the objectives of using a consultant with a standardized set of survey data was to establish some measurement of how the industry is currently structured for benchmarking purposes.

Trustee Daly expressed concern that outside parties might be directing investments for the System.

Mr. Palmer assured the Trustee that, while he received many suggestions about how to manage the System's assets with an eye to social objectives, he and the staff were focused on investments based on their return and risk properties. He further explained that the investment staff incorporates ESG factors through a risk and opportunity lens, trying to protect assets from negative impacts of externalities while identifying investments that will profit from long term changes.

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In addition, Mr. Palmer reported that the Private Equity Women's Investor Network (PEWIN), which promotes women in private equity, named the Dana Johns, member of the year. Ms. Johns, a Senior Portfolio Manager, is the Co-CEO of PE WIN. The System was named limited partner of the year for 2020. The organization also made awards to three of the System's private equity partners for their leadership supporting women in the private equity industry.

Executive Director's Report      Mr. Noven asked for the Board's feedback on whether Board and Committee meetings should continue to be virtual.

Treasurer Kopp responded that the education session and next meeting of the Board should be virtual.

On a motion made by Mr. Prouty and duly seconded, the Board voted to meet in a Closed Session, beginning at 3:29 p.m., via video/audio conference call, for the purposes of:

- a) reviewing the closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function and 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., § 3-306(c)(3)(ii), requiring that the minutes of a closed session be sealed and not be open to public inspection;
- b) reviewing the Medical Board reports regarding individual participants' claims for disability retirement benefits, 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 psychological information;
- c) discussing proposed salary adjustments for certain employees of the Investment Division, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function and General Provisions Art., § 3-305(b)(1)(i), the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction;
- d) discussing the award of financial incentives for certain employees of the Investment Division, pursuant to General Provisions Art., § 3-305(b)(1)(i), the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction.
- e) discussing the award of financial incentives for the Chief Investment Officer, pursuant to General Provisions Art., § 3-305(b)(1)(i), the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction; and
- f) conducting an evaluation of the Chief Investment Officer's performance and compensation, 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.



**BOARD OF TRUSTEES FOR THE  
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September 21, 2021

**CLOSED SESSION**

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding  
Peter Franchot, Vice Chairman  
Linda Allen  
Thomas Brandt  
David Brinkley  
Jamaal Craddock

James Daly  
Kenneth Haines  
David Hamilton  
Douglas Prouty  
Michael Stafford, Jr.

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary (Items a-f)

Robert Burd	Michael Golden	Chandra Puranam
Greg Busch	Angie Jenkins	Ken Reott
Melody Countess	Van Lewis	David Rongione
Robert Diehl	Megan Myers	Janet Sirkis
Patricia Fitzhugh	Kim O’Keeffe	Toni Voglino
Anne Gawthrop	Andrew Palmer	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Justin Hayes and Alex Butler (Comptroller’s Office)

On a motion made by Mr. Haines and seconded by Mr. Prouty, the Board returned to open session at 3:55 p.m., via video/audio conference call.

**OPEN SESSION**

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding  
Peter Franchot, Vice Chairman  
Linda Allen  
Thomas Brandt  
David Brinkley  
Jamaal Craddock

James Daly  
Kenneth Haines  
David Hamilton  
Douglas Prouty  
Michael Stafford, Jr.

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary  
Scott Bolander (live stream)

During closed session, the Board of Trustees discussed and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the August 17, 2021 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from August 18, August 26, September 1, September 9 and September 15, 2020.
Salary Adjustments for Employees of the Investment Division	The Board reviewed and approved the salary adjustments for employees of the Investment Division, as presented.

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Incentive Compensation for Employees of the Investment Division	The Board voted to defer this matter.
Incentive Compensation for the Chief Investment Officer	The Board voted to defer this matter.
Chief Investment Officer's Performance Evaluation and Compensation Review	The Board voted to defer this matter.

Adjournment      There being no further business before the Board, on a motion made by Mr. Prouty and seconded by Mr. Haines, the meeting adjourned at 3:56 p.m.

Respectfully submitted,



Martin Noven  
Secretary to the Board

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

**AD HOC COMMITTEE ON ACTUARIAL ECONOMIC  
ASSUMPTIONS MEETING SUMMARY  
AUGUST 30, 2021**

The Committee Members present included:

Eric Brotman, Chairman, Presiding  
Thomas Brandt, Vice Chairman  
David Brinkley

Douglas Prouty  
Michael Stafford, Jr.

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

Melody Countess	Michael Golden	Ken Reott
Patricia Fitzhugh	Angie Jenkins	Janet Sirkis
Anne Gawthrop	Andrew Palmer	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Trustee Linda Allen; Public Advisor Anne Shelton; and Brad Armstrong, Brian Murphy, and Amy Williams from GRS

Presentation by  
Gabriel Roeder  
Smith &  
Company

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE OF THE CONSENT AGENDA IN OPEN SESSION.**

The Committee was provided a copy of a presentation by Gabriel Roeder Smith & Company (GRS), which discussed the System's current amortization policy, several alternatives and the impact those alternatives would have on the System's unfunded liability and contribution rates.

The Committee was presented with the following summary of amortization alternatives, all of which would require a statutory change:

	<b>Alternative 1</b>	<b>Alternative 2</b>	<b>Alternative 3</b>	<b>Alternative 4</b>
Policy Change Point	Current period reaches 10-15 years	Current period reaches 15 years	Current period reaches 15 years	Current period reaches 15 years
Amortization of:				
Current UAAL	Continue closed schedule	Continue closed schedule	Continue closed schedule	15 years; <i>rolling</i>
Gains/Losses	15 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Assumption Changes	25 years; closed	25 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Plan Amendments	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed
Evaluation	Model practice	Acceptable with conditions	Acceptable with conditions	Acceptable with conditions

After further discussion by the Committee, on a motion made by Mr. Brandt and seconded by Mr. Stafford, the Committee voted to recommend that the Board of Trustees approve its support for Alternative 2.

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
SEPTEMBER 3, 2021***

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Nancy Kopp
Linda Allen	Marc Nicole
Thomas Brandt	

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

Greg Busch	Angie Jenkins	Chandra Puranam
Melody Countess	Van Lewis	Ken Reott
Robert Diehl	Megan Myers	David Rongione
Patricia Fitzhugh	Kim O’Keeffe	Janet Sirkis
Anne Gawthrop	Andy Palmer	Scott Bolander (live stream)
Michael Golden		

Assistant Attorneys General present included: Rachel Cohen

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

FY23 Budget  
Proposal

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE OF THE  
CONSENT AGENDA IN OPEN SESSION.**

Mr. Noven, along with Van Lewis, Melody Countess, Ken Reott and Robert Diehl presented the Agency’s Budget Request for Fiscal Year (FY) 2023. Mr. Noven reported that staff is recommending a budget of \$26,911,108, which includes the Department of Budget and Management (DBM) budget target of \$26.8 million and a \$102k adjustment that Mr. Lewis has discussed with the DBM budget analyst.

Mr. Noven reported that the Agency’s proposed budget also makes three “over the target” requests as follows:

- Additional technology resources to support improved member service following the completion of MPAS. (\$984,091)
- Three (3) additional Benefits Administration regular positions. (\$190,496)
- Acquisition of “Workiva” Integrated Financial Reporting Software (\$190,000)

On a motion made by Mr. Brandt and seconded by Mr. Norman, the Administrative Committee approved, for recommendation to the Board of Trustees, the FY23 Budget Proposal, as presented. Mr. Nicole abstained.

Board  
Requested  
Legislation

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE OF THE  
CONSENT AGENDA IN OPEN SESSION.**

Ms. Gawthrop presented a document outlining the details of the following two legislative proposals concerning Investment Division staff:

- Compensation Levels
- Forfeiting Incentive Compensation at Retirement

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

**BOARD OF TRUSTEES  
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**ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
SEPTEMBER 3, 2021**

Proposed Amendments to COMAR 22.01.11 – Employment of a Retiree by a Participating Employer

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE OF THE CONSENT AGENDA IN OPEN SESSION.**

Mr. Reott provided background information regarding COMAR 22.01.11 – Employment of a Retiree by a Participating Employer, reporting that this regulation had not been amended since 2010. Since that time, several statutes governing reemployment of retirees have steadily evolved. Therefore, staff is proposing to repeal the prior chapter and replace it with the extensively revised proposed chapter presented in the meeting book.

On a motion made by Mr. Brandt and seconded by Treasurer Kopp, the Administrative Committee voted to recommend that the Board of Trustees vote to submit the proposed amendments to COMAR 22.01.11 to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register.

Finance Reports Quarter Ending June 30, 2021

Ms. Countess and Mr. Lewis presented the Administrative Expenses report for the quarter ending June 30, 2021. Ms. Countess reported that the Agency expended 96.26% of its available appropriation, with a year-end surplus of approximately \$1 million.

Mr. Lewis reported that of the \$1 million surplus, \$319,757 represents unexpended healthcare costs that must be reverted at year-end, reducing the Agency year-end surplus to \$694,725.

Mr. Lewis reported that the following items contributed to the year-end surplus:

- Regular Personnel Savings - \$279k
- Contractual P/R & Tech Support – \$229k
- Communications – \$252k
- Travel – \$98k
- Contractual Services – \$434k.

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Mr. Lewis presented the MBE Performance Report for the quarter ending June 30, 2021. Mr. Lewis reported that MBE performance was 38.86%, exceeding the overall minimum MBE performance goal of 29.0%.

Member Services Update

Mr. Reott provided a Member Services update, reporting that the most recent monthly numbers were better than last fiscal year with a call abandonment rate of 11.13% and an average call wait time of 194 seconds, still slightly above the goal, but better than last fiscal year.

Mr. Reott indicated that the report shows that the Member Services Unit received 10,785 total calls in July 2021, slightly below the last fiscal year of 12,527. Mr. Reott commented that he believes that the decrease in the number of phone calls is a result of the *mySRPS* member portal starting to have the effect staff was anticipated it would have.