

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

October 20, 2020

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call beginning at 1:16 p.m.

The Trustees present included:

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

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

Melody Countess	Van Lewis	David Rongione
Anne Gawthrop	Kim O’Keeffe	Janet Sirkis
Michael Golden	Andrew Palmer	Toni Voglino
Ira Greenstein	Chandra Puranam	Scott Bolander (live stream)
Angie Jenkins	Ken Reott	

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Justin Hayes (Comptroller’s Office); and Brad Armstrong, Brian Murphy, Jeff Tebeau and Amy Williams (GRS)

Consent Agenda On a motion made by Ms. Hill and seconded by Mr. Norman, the Board approved the consent agenda, which included:

- September 22, 2020 Open Meeting Board Minutes
- October 6, 2020 Administrative Committee Meeting Summary

Proposed 2021 Meeting Schedule of the Board of Trustees The Board was provided with proposed dates for 2021 Board of Trustees Meetings.

On a motion made by Mr. Brotman and seconded by Ms. Hill, the Board approved the 2021 Board of Trustees Meeting dates, as follows:

Tuesday, January 19, 2021	Tuesday, February 16, 2021*
Tuesday, March 16, 2021	Tuesday, April 20, 2021
Tuesday, May 18, 2021*	Tuesday, June 15, 2021
Tuesday, July 20, 2021	Tuesday, August 17, 2021
Tuesday, September 21, 2021*	Tuesday, October 19, 2021**
Tuesday, November 16, 2021*	Tuesday, December 21, 2021

*The February, May, September and November BoT meetings will begin immediately following the Investment Committee Meeting.

**The Board of Trustees Education Session will be held on Tuesday, October 19, 2021, location to be determined, with a regular monthly meeting of the Board of Trustees immediately following.

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Recommendation of
the Administrative
Committee to Adopt
Emergency
Amendments to
COMAR
22.03.01.06 –
Nomination of
Candidates

Mr. Ken Reott reported that in light of the continuing public health crisis proposed amendments for emergency regulations were being presented, which would change the current requirement for qualification as a candidate in the upcoming trustee elections. It is recommended that the member signature requirement be lowered from 500 signatures to 50 signatures.

Mr. Reott reported that if the Board adopts the amendments, the emergency regulations would be submitted to the Administrative, Executive and Legislative Review (“AELR”) Committee. If the AELR Committee approves the action, the emergency amendment would go into effect for a period not to exceed 180 days when the regulation would revert back to its original status once the emergency period expires.

Comptroller Franchot asked if any stakeholders, such as representatives of AFSME, were consulted.

Mr. Kenderdine reported that the decision to propose amendments to lower the member signature requirement was not broadcasted, but that the leadership of the relevant employer organizations were informed.

Mr. Prouty further reported that the leadership of the Teacher’s Association is aware of the proposed amendments and are in support of the change.

Treasurer Kopp commented that a change in the number of signatures could potentially allow for more candidates.

Mr. Kenderdine reported that staff would be posting to the Agency’s website information regarding changes to the regulation.

On a motion made by Mr. Haines, Chairman of the Administrative Committee and seconded by the Committee, the Board of Trustees voted to adopt the proposed emergency amendments to COMAR 22.03.01.06 and to submit them to the Administrative, Executive, Legislative and Review Committee.

Presentation by
GRS regarding the
FY20 Valuation
Preliminary Results

Mr. Kenderdine introduced representatives from Gabriel Roeder Smith & Co. (GRS), the System’s actuarial firm to present the preliminary results of the FY20 valuation and indicated that GRS would be back in November to present the final valuation for recommended employer contribution rates for the Board’s consideration and certification.

Mr. Murphy commented that GRS did not present in September as they had encountered an unusual situation, with active employee payroll having increased 5% over last year. Therefore, they needed additional time to ensure that the numbers being presented were correct.

Mr. Tebeau presented the preliminary results of the State Retirement and Pension System’s Actuarial Valuation for the period ending June 30, 2020 for the Board’s review. It was noted by Mr. Tebeau that the valuation was conducted with the assumption that the System would not be receiving any of the \$75 million in reinvested savings during the current fiscal year, FY2021, as a result of actions taken to balance the State’s FY2021 budget. Should the

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\$75 million later be released to the System, it will be necessary for the FY2022 contribution rates to be revised and recertified.

Treasurer Kopp asked if the \$75 million reinvested savings is not provided, would that amount need to be made up through future contributions.

Mr. Tebeau responded in the affirmative, that the System would need to make up that shortfall.

Treasurer Kopp asked GRS to briefly describe how the 5% increase in employee payroll affected the results, rather than the 3.10% that was assumed.

Mr. Kenderdine responded that growth was partly due to an increase in the number of participants in the Teachers' plan and was partly attributable to there having been an additional pay period in FY2020.

Mr. Murphy further confirmed that in addition to the extra pay period, there were approximately 4,000 more active members enrolled in the System. He added that state employees received two cost-of-living increases during the fiscal year.

Mr. Kenderdine reported that active employees received two cost-of-living increases in 2020, a 2% increase in July 2019 and a 1% increase in January 2020.

Mr. Murphy commented that the Board will need to address the matter of the System's funding policy in the coming year and consider changes to the current amortization period, adding that as the current closed amortization period, ending in 2039, gets shorter in duration, the System will be faced with increasing volatility in contribution rates.

Treasurer Kopp asked Mr. Murphy to clarify the timeframe for the Board to address the matter and when discussion should begin.

Mr. Murphy responded January of 2021.

Executive Director's
Report

Mr. Kenderdine acknowledged and thanked Angie Jenkins, Janet Sirkis and Antionette Butcher for their assistance with the Board of Trustees education session.

Mr. Kenderdine reported that the semi-annual Maryland Retired School Personnel Association's ("MRSPA") recruitment mailing material was included in the Board meeting book for the Board's review, as required by statute. Mr. Kenderdine commented that Trustee Haines had preliminarily reviewed the documents and had no concerns. Mr. Kenderdine reported that staff would provide MRSPA with the information requested.

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Mr. Kenderdine reported that the National Council on Teachers Retirement (“NCTR”) conducted its annual conference and business meeting and has elected Trustee Haines to a 2-year term on its Executive Committee, a position previously held by Trustee Lochte.

CIO Report

Mr. Palmer provided the Board with two fund tear sheets, one as of August 31, 2020, which showed that the total fund value at \$58.1 billion, with a fund return of 2.99% for the month and a return of 7.02% for the trailing year. The August report also included final benchmark data, reporting an increase of 2.73% for the month and an increase of 6.46% fiscal year to date. The second tear sheet provided preliminary numbers, as of September 30, 2020, which reported that the total fund value was approximately \$57.3 billion. The report also showed that the fund’s return for the month was -1.02% and 5.94% for the trailing year. Mr. Stafford congratulated Mr. Palmer on the August 31, 2020 numbers.

On a motion made by Mr. Brotman and duly seconded, the Board voted to meet in a Closed Session, beginning at 2:23 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) reviewing a report regarding extraordinary salary increases, 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
- d) receiving advice of counsel regarding Maryland State Ret. and Pension System v. BP p.l.c. et al., pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice and pursuant to General Provisions Art., § 3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

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CLOSED SESSION

The Trustees present included:

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

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

Melody Countess	Van Lewis	Ken Reott
Anne Gawthrop	Kim O’Keeffe	David Rongione
Michael Golden	Andrew Palmer	Janet Sirkis
Angie Jenkins	Chandra Puranam	

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

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

On a motion made by Mr. Norman and seconded by Mr. Brotman, the Board returned to open session at 2:32 p.m., via video/audio conference call.

OPEN SESSION

The Trustees present included:

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

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

Melody Countess	Van Lewis	Ken Reott
Anne Gawthrop	Kim O’Keeffe	David Rongione
Michael Golden	Andrew Palmer	Janet Sirkis
Angie Jenkins	Chandra Puranam	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

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

During closed session, the Board of Trustees discussed and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the September 22, 2020 closed session minutes.

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Medical Board Reports	The Board reviewed and adopted the medical board reports from September 24, September 30, October 8 and October 14, 2020.
Extraordinary Salary Report	The Board reviewed and approved the recommendation regarding the extraordinary salary increase as presented.

Adjournment There being no further business before the Board, on a motion made by Mr. Norman and seconded by Mr. Brandt, the meeting adjourned at 2:34 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 6, 2020***

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Thomas Brandt
Richard Norman, Vice Chairman	Marc Nicole
Bernadette Benik	

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

Melody Countess	Angie Jenkins	David Rongione
Anne Gawthrop	Kim O’Keeffe	Janet Sirkis
Michael Golden	Ken Reott	Scott Bolander (live stream)
Ira Greenstein		

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendee included: Trustees Sheila Hill and Doug Prouty

2021
Administrative
Committee
Meeting Dates

On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee approved the 2021 Administrative Committee Meeting dates, as follows:

Tuesday, February 2, 2021	Tuesday, March 2, 2021
Tuesday, April 6, 2021	Tuesday, June 1, 2021
Tuesday, August 3, 2021	Tuesday, September 7, 2021
Tuesday, October 5, 2021	Tuesday, December 7, 2021

Proposal to Adopt
Emergency
Amendments to
COMAR
22.03.01.06 –
Nomination of
Candidates

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

Mr. Kenderdine reported that proposed amendments for emergency regulations were being presented to the Committee, which would change the current requirement for qualification as a candidate for two upcoming trustee elections. The elections are for an active Employees’ System and an active Teachers’ System representative, positions currently held by Trustees Craddock and Prouty, respectively. Mr. Kenderdine reported that the amendments would lower the member signature requirement from 500 signatures to 50 signatures.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Committee voted to recommend that the Board of Trustees adopt the proposed emergency amendments to COMAR 22.03.01.06 and to submit them to the Administrative, Executive, Legislative and Review Committee.

Member Services
Update

Mr. Reott reported that while there was marked improvement over the July numbers, the Member Services unit was not able to meet its goals for the call abandonment rate and average call wait time for the month of August 2020. Mr. Reott reported that the unit’s call abandonment rate was 13.46% and the unit’s average speed of answer was 213 seconds for the month of August.

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***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 6, 2020***

Mr. Reott reported that 4 new specialists began taking calls in August and that in September, the Agency implemented an A-week/B-week rotation among staff, with half of the staff in the office and the other half teleworking. The staff who are working on-site are working from individual offices and not in a cubicle.

Mr. Reott further reported that Personal Statement of Benefits (“PSBs”), which typically generates an increase in the volume of calls, is now available to a member through the *my* SRPS member portal. In addition, there has been one enhancement to the member portal in that Chandra Puranam and his staff have implemented the ability for a member to change their beneficiary, in real-time through *my*SRPS.

Mr. Brandt commented that the metrics appear disappointing. Mr. Brandt asked if there is a course of action in place to get back to the 7.5% performance goal.

Mr. Reott responded that staff started a project before the State of Emergency, to look at all letters, forms and other material to make sure that language in those documents were coherent and understandable, in hopes that it would help eliminate the number of calls. In addition, staff has been diligent in working to get, and keep the unit fully staffed by fully trained personnel. Mr. Reott reminded the committee that from the point of hire to having a fully trained counselor, is at least a 6-month process.

Mr. Brandt commented that the idea of having people call and hanging up because they are frustrated is not acceptable and suggested that someone be available to take answer a call even if it was to take a message for a later callback.

Mr. Reott responded that there is an option, which was implemented about two years ago, that a caller can leave their telephone number and still maintain their place “in line” and receive a return call from a specialist.

Mr. Norman commented that the call abandonment rate is not to exceed 7.5% and asked if that rate is reasonable; if the unit, over the past five years has ever hit that rate; and should we be considering adjusting the goals.

Mr. Reott responded that he did not have the specific numbers but believes the unit has met the goals in certain past years. Mr. Reott further responded that it helps keeping calls around 600 calls per day or having at least 10-20 specialists answering calls.