

BOARD OF TRUSTEES
FOR THE
STATE RETIREMENT AND PENSION SYSTEM
OF MARYLAND

AMENDED MINUTES OF MEETING
October 17, 2006

The Board of Trustees for the State Retirement and Pension System of Maryland met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland, beginning at 9:30 a.m. There were present: Nancy K. Kopp, Vice-Chairman; John W. Douglass; David B. Hamilton; James M. Harkins; Sheila Hill; F. Patrick Hughes; Cecilia Januszkiewicz; Morris L. Krome; Carl D. Lancaster; Melissa A. Moye; and, Patrick O'Shea, Trustees; and, R. Dean Kenderdine, Interim Secretary.

Mr. William Brown requested that the Minutes reflect his absence from this meeting was due to his attendance at the National Council on Teacher Retirement (NCTR) Meeting.

Agency Staff members attending were: Jeannie Abramson; Deborah Bacharach; Anne Budowski; Margaret Bury; Cathy Clevinger; Rachel Cohen; Melody Countess; Robert Feinstein; Richard Gawrych; John Greenberg; Carla Katzenberg; Calvin Kiser; Jill Leiner; Vincent Marsiglia; Larry Martin; Howard Pleines; Harvey Raitzyk; and, Ken Reott.

Also attending were Bill Anderson; Jeanette Cooper; Anne Gawthrop; Leon Rocky Joyner; Michael Rubenstein; and Robert Palumbi. Appeal cases present were Gloria Eleanor Dark Bauman; Randy L. Kershner; Steven M. Wendling (by telephone); and Emily K. Young.

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| Investment
Committee
Recommendations and
Information Items | <ol style="list-style-type: none">1. On motion made by Mr. O'Shea, and seconded by Mr. Hamilton, the Board approved the minutes of the September 19, 2006 regular meeting.
2. Mr. Carl Lancaster, Chairman of the Investment Committee, reported on the meeting held October 13, 2006.

On motion made by Mr. Lancaster, and seconded by Ms. Januszkiewicz, the Board approved staff's recommendation to discontinue the System's participation in the international equity commission recapture program with Frank Russell Securities, Inc.

Mr. Robert Feinstein advised the Trustees that a letter had been prepared by the Corporate Governance Subcommittee in relation to a recent legal decision that re-opened the question of shareholder access to the company proxy for director election in the U. S. The letter is in support of permitting shareholders to propose candidates for a board using the company's own proxy mechanism.

On motion made by Mr. Lancaster, and seconded by Mr. O'Shea, the Board accepted the Corporate Governance Subcommittee's recommendation that the Interim Executive Director be authorized to submit a letter, reviewed and approved by the board, to the SEC regarding the SEC's "shareholder proposal rule". |
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Administrative
Committee
Recommendations and
Information Items

Mr. Carl Lancaster announced to the Board that after serving for twenty years, he had decided not to seek re-election to the Board for his term ending July 31, 2007.

4. Mr. James Harkins, Chairman of the Administrative Committee reported on the meeting held October 3, 2006. **EXHIBIT A**

On motion made by Mr. Harkins, and seconded by Major Krome, the Board accepted the request of the City of Hyattsville to participate in the Employer Pickup Program within the Employees' Pension System and the Law Enforcement Officers' Pension System.

On motion made by Mr. Harkins, and seconded by Ms. Hill, the Board approved the Administrative Committee's dates for its 2007 meetings.

Mr. Harkins noted that information has been provided to all Trustees related to a presentation on disability claims processed in 2006 for their review.

Mr. Harkins noted that the MPAS project remains on schedule. Mr. Dale Markel, CISO, left the Agency October 13, and Mr. Calvin Kiser, Deputy CISO, will serve as Acting CISO as this time. Mr. Harkins also noted that Mr. Harvey Raitzyk is serving as the acting Project Manager for MPAS, with support from Mr. Larry Martin and Ms. Anne Budowski.

Mr. Harkins stated that the Department of Budget & Management is in agreement with the Board and the Retirement Agency's assessment that the present team can move MPAS forward through the completion of Milestone 2, the data conversion. If key vacancies, particularly the Project Manager and CISO are not filled by December, actions will be taken to pause the project until those positions are filled.

Mr. Kenderdine noted that the Agency has issued task orders under CATS to seek a Project Manager, and is also recruiting in the traditional manner for this key position. He informed the Trustees that Saber has been advised verbally and in writing of the possibility the project could be paused in December.

Mr. Harkins stated that at this early stage of MPAS development, it is not known what additional resources would be needed for support and maintenance of the project. Therefore, it is recommended that the Agency exercise a one-year option for Saber's Post Implementation Support Services estimated at \$1.5 million. Also, it is anticipated that five to seven additional support staff will be needed to continue support of the Legacy System and work in support of MPAS.

On motion made by Mr. Harkins, and seconded by Major Krome, the Board of Trustees approved including \$1.8 million as part of the FY08 budget submission for (1) the \$1.5 million Saber contract modification for the one-year maintenance of MPAS and (2) \$300,000 for hiring the needed additional IT staff. Mr. Harkins indicated that the Saber Contract Modification would not be presented to the Board of Public Works for approval until the Spring of 2007.

Interim Executive
Director's Report

4. Mr. Dean Kenderdine introduced Ms. Cathy Clevinger who will be temporarily replacing Ms. Monica Bias who has taken a position with the Department of Education.

Mr. Kenderdine indicated that he had sent a letter to the Co-Chairs of the Joint Committee on Pensions, Senator Kasemeyer and Delegate James, related to their letter expressing concerns about the MPAS project. The letter noted that for the current time the Board believes the project can continue without significant risks, but it will be suspended if key vacancies are not filled by December. A copy of the letter was provided to all Board members.

Mr. Kenderdine stated that he would convene an Interview Panel on October 25 to help select the Chief Internal Auditor for the Retirement Agency.

Appearance
Segal Company

5. Ms. Anne Budowski introduced Mr. Rocky Joyner and Ms. Jeanette Cooper from the Segal Company who have prepared the 2006 annual valuation of the System and are presenting the FY2008 rates.

Mr. Joyner presented the final results to the Board, indicating that the report was in a different style and format from the previous actuary's valuations. He hoped that the additional information would be of value and requested the Trustees to note any areas that could be improved for future reports.

Mr. Joyner noted that the rates have been presented to reflect the contribution percentages within and without the corridor methodology, and before and after the July 2006 benefit enhancements.

Mr. Joyner stated that a major concern in the valuation was the corridor funding method. For the Teachers and Employees Systems, the corridor method resulted in \$66 million and \$100 million respectively of contributions less than would have been contributed without the corridor. On both a short-term and long-term basis, there is a systematic under-funding of the System. The effective amortization period for the teacher and employee system is over 50 years, which does not conform to acceptable accounting and actuarial guidelines.

Action
The Segal Company

6. On motion made by Mr. Douglass, and seconded by Mr. Hughes, the Board of Trustees, on a vote of eight to three, approved the State's FY 2008 contribution rates. Ms. Hill, Major Krome, and Mr. Lancaster, are recorded as voting against the motion.

On motion made by Mr. Douglass, and duly seconded, the Board of Trustees strongly recommends to the General Assembly and the Joint Committee on Pensions that legislation be prepared to return the System to full actuarial funding method. Mr. Hamilton voted in opposition to the motion. Secretary Januszkiewicz abstained.

On motion made by Secretary Januszkiewicz, and duly seconded, the Board of Trustees agreed to conduct an experience study of the

System in the Spring of 2007. Treasurer Kopp asked that the Administrative Committee monitor the Actuary's progress during the Experience Study and make periodic reports to the Board.

Medical Board Reports

7. On motion made by Ms. Hill, and seconded by Mr. Hughes, the Board accepted the reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants.

Supplemental Medical Reports

8. On motion made by Ms. Hill, and seconded by Mr. Hughes, the Board accepted supplemental reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants. Major Krome voted against the motion in response to concerns raised by the employer on one specific case. The Administrative Committee has been asked to review the issue. **EXHIBIT B**

Gloria D. Bauman

9. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Gloria Bauman for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Bauman appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla 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 Executive Session.

Steven M. Wendling

10. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Steven M. Wendling for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Wendling addressed the Board by telephone to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla 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 Executive Session.

Randy K. Kershner

11. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Randy K. Kershner for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Kershner appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill

Leiner, 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 Executive Session.

- Emily K. Young 12. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Emily K. Young for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Young appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, 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 Executive Session.

- Henry L. Mahan 13. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Henry L. Mahan for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Mahan did not appear before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. His case was heard on the record. Ms. Carla 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 Executive Session.

On motion made and duly seconded, the Board voted unanimously to meet in Executive Session to discuss information regarding the selection of a manager for the Emerging Manager Program, pursuant to State Government Article, Section 10-508(a)(14), which authorizes the Board to meet in closed session to consider the awarding of a contract; to discuss a securities litigation issue, pursuant to State Government Article, Section 10-508(a)(7) and (8), which authorizes the Board to meet in closed session to consult with counsel to obtain legal advice and consult with staff about pending litigation; and, to meet in Executive Session to deliberate disability appeals, pursuant to State Government Article, Section 10-503(a)(1)(iii) which authorizes the Board to meet in closed session to carry out a quasi-judicial function.

EXECUTIVE SESSION

The Board met in Executive Session at 12:23 p.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider disability appeals. There were present: Nancy K. Kopp, Vice-Chairman; John W. Douglass; James Harkins; Sheila Hill; F. Patrick Hughes; Morris L. Krome; Carl D. Lancaster; and Patrick O'Shea, Trustees; and, R. Dean Kenderdine, Secretary. Agency Staff members attending were: Deborah Bacharach; Anne Budowski; Margaret Bury; Rachel Cohen; Robert Feinstein; John Greenberg; and, Howard Pleines.

The Board ended its closed session at 12:55 p.m. and returned to regular session to complete the agenda.

REGULAR SESSION

On motion made and duly seconded, the Board voted to ratify actions taken in Executive Session.

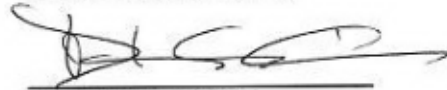
- Minutes On motion made and duly seconded, the Board approved the minutes of the September 19, 2006 closed session meeting.
- Gloria D. Bauman The Board considered the appeal of Gloria D. Bauman. Following a discussion, on a motion made by Mr. Douglass, and seconded by Ms. Hill, the Board voted to remand the case to the Office of Administrative Hearings. The request is that the Administrative Law Judge review the record and issue a revised proposed decision which addresses the issue of causation in more detail, and clarifies the reasons why the ALJ concluded that Ms. Bauman's disability resulted from a preexisting condition and not her claimed accidents. The Board of Trustees also asks that the ALJ review and address Dr. Fiutowski's reports in greater detail, including his report dated January 8, 2004, at pages 194-196 of the record.
- Steven M. Wendling The Board considered the appeal of Steven M. Wendling. Following a discussion, on a motion made by Mr. Hughes, and seconded by Ms. Hill, the Board voted to accept the Administrative Law Judge's Proposed Decision and deny Mr. Wendling's request for accidental disability benefits.
- Randy K. Kershner The Board considered the appeal of Randy K. Kershner. Following a discussion, on a motion made by Mr. Hughes, and seconded by Ms. Hill, the Board voted to accept the Administrative Law Judge's Proposed Decision and deny Mr. Kershner's request for accidental disability. Treasurer Kopp and Mr. O'Shea abstained from voting on the motion.
- Emily K. Young The Board considered the appeal of Emily K. Young. Following a discussion on a motion made by Mr. Hughes, and seconded by Ms. Hill, the Board voted to accept the Administrative Law Judge's Proposed Decision and deny Ms. Young's request for accidental disability.
- Henry L. Mahan The Board considered the appeal of Henry L. Mahan on the record. Following a discussion, on a motion made by Mr. Hughes, and seconded by Mr. Douglass, the Board voted to accept the Administrative Law Judge's Proposed Decision and deny Mr. Mahan's request for accidental disability.
- Proposed Default Order
Brenda L. Nooft Mr. Kenderdine noted that he had not received a motion to vacate or modify the proposed Default Order of the Administrative Law Judge for Brenda L. Nooft and, therefore, was adopting the Proposed Default Order.
- Proposed Default Order Mr. Kenderdine noted that he had not received a motion to vacate or

Sharon M. Tremper

modify the proposed Default Order of the Administrative Law Judge for Sharon M. Tremper and, therefore, was adopting the Proposed Default Order.

There being no further business before the Board, the meeting adjourned at 1:05 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Dean Kenderdine', written over a horizontal line.

R. Dean Kenderdine
Interim Secretary to the Board

RDK/cc

MINUTES ADMINISTRATIVE COMMITTEE
BOARD OF TRUSTEES
STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND
MINUTES OF THE OCTOBER 3, 2006 MEETING

The Administrative Committee met on Tuesday, October 3, 2006, beginning at 9:37 a.m. in the Boardroom of the State Retirement Agency, 120 E. Baltimore Street, Baltimore Maryland. James Harkins, Chairman; Morris L. Krome, Vice-Chairman; John W. Douglass; Howard Freedlander, representing Treasurer Kopp; David B. Hamilton; Sheila Hill, Trustees; and Dean Kenderdine were present. Agency staff attending were Deborah Bacharach; Anne Budowski; Marge Bury; Melody Countess; Robert Feinstein; Vanessa Garrett-Ingram; Richard Gawrych; Calvin Kaiser; Vincent Marsiglia; Larry Martin; Sherlynn Matesky; and Howard Pleines. Also attending was John M. Wasilisin, Department of Budget and Management.

A. Minutes of the Administrative Committee held September 12, 2006

On a motion made by Mr. Brown, and seconded by Ms. Hill, the Administrative Committee approved the minutes of the September 12, 2006 meeting.

B. Administrative Fees

Mr. Vince Marsiglia advised that spending for the current year was about where it should be this early in the year. He noted that primarily due to vacancies within the Agency, operations spending was lagging behind slightly. In response to Major Krome's question on a \$5.9 million dollar budget amendment for the funding of the MPAS-1 project, Mr. Marsiglia indicated that it would go to the Department of Budget & Management soon, with anticipated approval by the end of October. On a motion made by Mr. Brown, and seconded by Mr. Douglass, the Administrative Committee accepted the report.

C. City of Hyattsville Employer Pickup Program

Action Item: On a motion made by Mr. Freedlander, and seconded by Mr. Brown, the Administrative Committee recommends that the Board of Trustees approve the City of Hyattsville's request to participate in the Employer Pickup Program on behalf of its employees who participate in the Employees' Pension System and the Law Enforcement Officers' Pension System.

D. Approval – 2007 Administrative Committee Meeting Dates

Action Item: On a motion made by Mr. Douglass, and seconded by Mr. Freedlander, the Administrative Committee approved its meeting schedule for 2007 for the following dates: February 6, March 6, April 10, June 5, August 7, September 11, October 2, and December 4.

E. Potential 2007 Board Sponsored Legislation

Mr. Howard Pleines advised the Committee that there are several investment issues that are to be considered by the Investment Committee for inclusion in the Board's 2007 legislative proposals to the Joint Committee on Pensions. He wanted to make the Committee members aware of these items that may come before the full board for its consideration.

Pension law (Section 21-123(c)(1)(ii)) states that not more than 25% of the assets invested in common stock may be invested in non-dividend paying stocks. This decades old provision is not consistent with modern portfolio theory which has been widely adopted for purposes of trust investment. Staff is asking that this archaic language be repealed.

The second issue involves the direct real estate investment program. Pension law (Section 21-123(f)(2)) requires that the sale and purchase of properties be approved by the Board of Public Works. Other areas of State law require that the sales and purchases be reviewed by the Department of General Services. These provisions, in a competitive marketplace, have proven to place the System at a competitive disadvantage, adding several months to the process. Most sellers refuse to wait the additional time for these additional measures to be completed as there are other buyers whose purchase processes do not include these additional steps. Furthermore, there are comprehensive due-diligence measures built directly into the real estate investment program to ensure that the System's interests are protected. Therefore, investment staff is recommending to the Investment Committee that the requirements for the DGS review of sales/purchases and the approval of BPW for sales/purchases be removed from State law.

Mr. Pleines noted that the final issue relates to a potential future legislative change. Currently there is a fee cap on the System's externally managed real estate and alternative investment programs. The cap is 1.2% of the market value of assets externally invested in real estate or alternative investments, necessary for external real estate or alternative investment management services, with a carry over of the difference between the cap amount and actual fees paid. This cap has been increased once, and it is likely that additional changes will be needed in the future. With consistent excellent returns from these programs, the cap is likely to be breached in the next several years. Staff will work to educate legislators on the underlying economic realities of the fee structure embedded in these investments, and work towards elimination of the fee cap, or at a minimum

an appropriate increase. This will likely be needed in the 2008 General Assembly session.

Major Krome expressed his continued concerns that the Administrative Committee and the Board had not yet addressed for the coming legislative session, the important issue of the funding problems caused by corridor method funding. After additional discussion, on a motion made by Mr. Douglass, and seconded by Mr. Brown, the Committee agreed to recommend to the Board that appropriate legislation be prepared for Board approval to deal with an actuarial sound funding method for the System.

Action Item: The Administrative Committee recommends to the Board of Trustees that legislation be prepared for Board approval to deal with the issue of an actuarially sound funding method for the System.

F. Disability Process

Mr. Howard Pleines indicated that at the last Board meeting, a request was made by Mr. Douglass to survey other public pension systems to determine what actions were taken after retirement to review the continuing disability status of disability retirees. He noted that the Retirement Agency distributed a four-question survey to 54 public pension plans. Fourteen responded to the request.

Results of our brief survey and NASRA's 2004 survey on disability issues indicate that most public systems conduct some type of review of their disability retirement accounts until normal retirement age or age 65. However, there appears to be many variables within the various systems.

Maryland provides two types of benefits, both of which require that the member be permanently disabled. For accidental benefits, the retirees must also be totally disabled. Benefits are based on being disabled from performing the duties of the job, rather than the tougher standard of being unable to work. Also, the System does not offer a temporary disability as other systems may provide.

Of the 14 systems that responded to the survey, most indicated some form of review or follow up after retirement. Arizona indicated it did not provide disability benefits. Hawaii indicated it did not review disability benefits after retirement.

In the other 12 states that responded, there could be a written review (similar to Maryland's obsolete continuing statement of disability) or a medical review/examination. Two systems tied their benefit to social security and discontinued payments if social security benefits ended. Two revoked benefits if the retiree returned to work.

In the NASRA survey, 45 systems responded, including Maryland. 41 of the 45 (91%) indicated they perform some form of review, ranging from written response

to total medical reexamination. Several reviewed only if granted a "temporary" benefit which later could be converted to a permanent disability.

In prior years, disability retirees had been limited to the amount of earnings from any employment after retirement. Pension law created a "catch 22" situation in that members received disability retirement based on the inability to perform their job duties and then were restricted on their future earnings based on any employment with any employer.

Over the years, Maryland has moved away from the review of disability retirees and the offset of benefits. This has occurred, in part, because the General Assembly has not noted a problem with fraudulent disability retirement. The law has become more lenient as to the restrictions on reemployment and the amount of additional earnings for disabled members. They are now permitted to seek other work in many areas without penalizing them for being capable of working in some capacity. Current exemptions include accidental disability retirees who are not subject to most earnings restrictions; State Police and LEOPS members who are exempt unless reemployed in law enforcement positions; and retired teachers and employees who have limitations/suspension of benefits only if working for a participating employer.

Mr. Pleines noted that it has been the Medical Board's approach to make a very thorough review of each disability claim and only grant a disability when the medical documentation supports the permanent or total and permanent disability claimed. The Medical Board, in the past, has not found it necessary to review cases after retirement because of their strict control of the disability process prior to retirement.

At the request of Ms. Hill and Mr. Douglass, the Committee asked Ms. Bacharach to review the law to determine what authority the Agency and Board had to investigate and/or take administrative action to suspend or revoke disability retirement benefits in the event it is brought to the Agency's attention that a retiree receiving disability benefits is no longer disabled

G. MPAS Project Update

Mr. Kenderdine opened this update by sharing with the Board that Mr. Dale Markel, CISO, will be leaving the Agency effective October 13th and that he had asked Mr. Calvin Kiser, currently the Deputy CISO, to set up to be Acting CISO. Mr. Kenderdine then introduced Ms. Anne Budowski, Mr. Harvey Raitzyk and Mr. Calvin Kiser as the individuals who were to continue working on and reporting on the MPAS-1 project. He noted that there had been some concern expressed by others (most recently Legislative Services) as to whether the project should be suspended because of the key vacancies within the Retirement Agency. Mr. Kenderdine indicated that DBM has concurred with the Board and

Agency's assessment that the present team can move the project forward. If key vacancies, particularly the IT Project Director, are not filled by December, actions will be taken to suspend the project after receipt of Milestone 2 (the data conversion deliverable) in December. Saber is to be made aware of this potential outcome.

Mr. Harvey Raitzyk, Acting Project Director, advised the Committee that the project remains on schedule and within estimated costs. He noted that Mr. Morrow had worked to complete the main procurement issues to put the project in motion. With the project focus shifting to business practices, he is confident that he can lead the project during its next phase because he has 25 years of experience with the Agency and he has served as the business sponsor on the project for more than a year.

Mr. Raitzyk stated that while he serves as Acting Project Director, Mr. Larry Martin will remain as Project Manager, continuing to handle the day-to-day management of MPAS-1. This includes management of the project budget, schedule and risk management. He also noted that Ms. Anne Budowski is to assist with project communications to the Board and other stakeholders.

Mr. Calvin Kiser advised the Committee that there will be changes needed within the Information Systems Division as a result of the MPAS-1 project. Three current staff that were hired to deal with priority changes and legislative changes will leave by the end of the calendar year. Support of the Legacy System by the Annapolis Data Center is to end when MPAS is implemented. It will be necessary to replace this loss of services by hiring additional IT employees. It is anticipated that 5-7 additional support staff - one operations analyst, three computer operators, two system engineers, and a security administrator - to continue support of the Legacy System and work in support of MPAS.

At this early stage of the MPAS development, it is not known what additional resources would be needed for the project's operation and maintenance. Therefore, it is recommended to exercise the one year option for Saber's Post Implementation Support Services in the current contract. That cost estimate is \$1.5 million. This would provide the Agency with the time to evaluate the options of the operations and maintenance of MPAS: out-source, in-source, or co-source. The total FY08 \$1.8 million budget request includes an estimated \$300,000 to hire the additional IS staff noted above

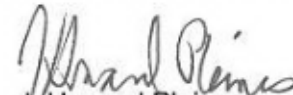
Action Item: On a motion made by Mr. Douglass, and seconded by Ms. Hill, the Committee recommends to the Board of Trustees that it approve \$1.8 million as part of the FY08 budget submission for the \$1.5 million

Saber contract modification for the one-year maintenance of MPAS, and \$300,000 for hiring additional IT staff.

Further, on a motion made by Mr. Douglass, and seconded by Mr. Freedlander, the Committee also recommends to the Board that it is the intent to move forward with the above noted Saber contract modification for \$1.5 million for post-implementation support of MPAS with the understanding that it will not be presented to the Board of Public Works for approval until the Spring of 2007.

H. Adjournment

There being no further business, Mr. Harkins adjourned the meeting at 11:10 a.m.


J. Howard Pleines
Secretary