

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

February 21, 2012

The Board of Trustees for the Maryland State Retirement and Pension System met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland, beginning at 9:10 a.m.

The Trustees present included:

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

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

Anne Budowski	Anne Gawthrop	Kenneth Reott
Robert Burd	Michael Golden	Janet Sirkis
Margaret Bury	Ira Greenstein	Patrice Sowah
Melody Countess	Dennis Krysiak	Toni Voglino
Patricia Fitzhugh	A. Melissa Moye	

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen and Melissa Warren. Also attended by: John Kenney and Amber Teitt.

- Consent Agenda      1. On a motion made by Ms. Hill and seconded by Ms. Lochte, the Board approved the consent agenda which included the:
- Open session minutes from the January 21, 2012 Board meeting;
  - February 7, 2012 Administrative Committee Meeting Report ;
  - February 10, 2012 Investment Committee Meeting Report, and;
  - Disability Reports from the Medical Board.

2012  
Legislative Position  
Recommendations

2. Ms. Anne Gawthrop provided an overview of 2012 pension related legislation. *See Attachment A.*

On a motion made by Ms. Hill and seconded by Mr. Hughes, the Board approved the 2012 legislative positions; summarized as follows:

HB 19 Military Service Credit – Reservists	No position
HB84/SB250 Reemployment of Retirees – Exemptions	Board Requested
HB87/SB152 Budget Reconciliation & Financing Act of 2012 (BRFA)	--
HB88/SB357 Medical Board Participation	Board Requested
HB98/SB251 Reemployment of Retirees – MD School of the Deaf Exemption	Board Requested
HB162/SB273 Administrative and Operational Expenses - Certifications and Notifications	Board Requested
HB170/SB52 Eligible Employees – St. Mary’s Nursing Center, Inc.	No position
HB249/SB335 Judges’ Retirement System – Contribution Rates for New Members	No position
HB277/SB343 Brokerage & Investment Management Services – Use of Minority Business Enterprises – Application	No position

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HB371/SB367 Transfer of Service Credit	Oppose
HB516/SB470 Allegany County – Orphans’ Court Judges – Pensions	No position
HB537/SB783 State Personnel Collective Bargaining – Applicability	No position
HB572 Elected Public Officials – Criminal Acts – Forfeiture or Suspension of Retirement Benefits	No position
HB630/SB497 EPS & ERS Reemployment of Retirees – Parole & Probation	No Position
HB645/SB956 New Hires – Cash Balance Defined Benefit Plan	Oppose
HB653/SB958 Cash Balance Plan	Oppose
HB661 Local Employer Contributions – Educators & Educational Staff	No position
HB801/SB880 Transfer of Members between Systems	Supporting
HB806/SB672 Investment Division – Salary Setting Authority	Board requested
HB807/SB498 Contribution Rates & Reinvestment of Savings – Technical Clarifications	Support
HB808/SB879 Cost-of-living Adjustments – Clarifications	Support
HB863/SB836 Teachers’ – Local Employers Contributions	No position
HB916/SB779 Study of Asset Management	<b>DEFERRED</b>
HB1208 Baltimore County – Transfers from Noncontributory System to Employees’ Retirement System – Contributions & Interest	No position
HB1261/SB894 Balto. City – Representation of Child Support Enforcement Administration – Transfer of Employees	No position
SB119 Optional Retirement Program – MD Higher Education Commission	No position
SB444 ORP State Employees & Teachers – Participation	Oppose

Major Krome asked if there is any financial analysis data available regarding cash balance plans and its potential effects on the trust fund.

Chairman Kopp indicated that a thorough financial analysis was completed for evaluation by the 2010 Public Employees’ and Retirees’ Benefit Sustainability Commission.

Ms. Gawthrop reported that the information was still available on the Department of Legislative Services website and she would provide everyone with a copy.

Mr. Blitzstein suggested that the Agency inform the Legislature that the IRS



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financial disclosure forms were due by April 1, 2012.

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Mr. Kenderdine reported that no cuts have been recommended for Agency's  
FY 2013 budget. Agency budget hearings are scheduled for:

February 23, 2012  
House Budget Hearing  
House Public Safety and  
Administration Subcommittee  
Room 120, HOB - 1:00 pm

February 28, 2012  
Senate Budget Hearing  
Senate Budget and Taxation  
Full Committee  
3 West, Miller - 1:00 pm

**CLOSED SESSION**

The Board met in a Closed Session (10:25 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. to approve the closed session minutes, pursuant to State Government Article §10-503(a)(1)(i), the exercise of an administrative function;
2. to discuss the disability appeals pursuant to State Government Section 10-503(a)(1)(iii), the exercise of a quasi-judicial function.

The Trustees present included:

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

James Harkins  
Sheila Hill  
F. Patrick Hughes  
Major Morris Krome  
Theresa Lochte  
Thurman Zollicoffer, Jr.

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

Anne Budowski  
Robert Burd  
Margaret Bury  
Melody Countess

Anne Gawthrop  
Michael Golden  
Dennis Krysiak  
A. Melissa Moyer

Kenneth Reott  
Janet Sirkis  
Patrice Sowah

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen and Melissa Warren.

- Kenya McGuire      8. The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Kenya McGuire's request for accidental disability benefits.
- Adjournment      9. There being no further business before the Board, the meeting adjourned at 11:45 a.m.

Respectfully submitted,



R. Dean Kenderdine  
Secretary to the Board

02/21/12 09:49:53 AM

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**ATTACHMENT A  
Legislative Update  
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**House Bill 19**

**State Retirement and Pension System – Military Service Credit – Reservists**

SRPS members who are also members of the reserve component of the armed forces of the United States may apply for military service credits for service rendered in the reserves in the same manner that SRPS members who are also members of the Maryland National Guard may apply for military service credits.

- Assigned to the House Appropriations Committee - 1/11/12
- Hearing in Appropriations - 1/31/12

**Staff recommends taking no position on this legislation.**

**House Bill 84/Senate Bill 250**

**State Retirement and Pension System – Reemployment of Retirees – Exemptions**

This is Board requested legislation requested to amend the exemption in the SPRS and CORS that limits the earnings limitation to 9 years. This legislation reduces the time period to 5 years in order to be consistent with the ERS/TRS and EPS/TPS.

- Assigned to the House Appropriations Committee - 1/18/12
- Hearing in Appropriations - 1/31/12
- Pension Oversight Committee in Appropriations voted **FAVORABLE w/ AMENDMENTS** – 2/16/12
  
- Assigned to Senate Budget and Taxation Committee - 1/25/12
- Hearing in Budget and Tax - 2/9/12

**BOARD REQUESTED LEGISLATION**

**House Bill 87/Senate Bill 152**

**Budget Reconciliation and Financing Act of 2012**

This proposed legislation would shift a portion of the employer cost for local employees in the Teachers' Retirement and Pension Systems to the counties for payment each year.

- Assigned to the House Appropriations Committee – 1/18/12
- Hearing in Appropriations – 3/1/12
  
- Assigned to Senate Budget and Taxation Committee – 1/18/12
- Hearing in Budget and Tax - 2/29/12

**Staff makes no recommendation at this time for this legislation.**

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**ATTACHMENT A  
Legislative Update  
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**House Bill 88/Senate Bill 357**

**State Retirement and Pension System – Medical Board Participation**

This is Board requested legislation to allow physicians who are eligible to receive a benefit from the ORP to serve on the medical board, provided they are not eligible to receive a disability retirement benefit from the SRPS. In addition, the legislation also requires any medical board physician who is a member of the ORP to recuse himself/herself if the disability applicant is an employee of the same employing institution as the physician.

- Assigned to House Appropriations Committee - 1/18/12
- Hearing in Appropriations - 1/31/12
- Pension Oversight Committee in Appropriations voted **FAVORABLE** – 2/16/12
  
- Assigned to Senate Budget and Taxation Committee - 1/30/12
- Hearing in Budget and Tax - 2/9/12
- Pension Oversight Committee in Budget and Tax voted **FAVORABLE** – 2/9/12

**BOARD REQUESTED LEGISLATION**

**House Bill 98/Senate Bill 251**

**Teachers' Retirement and Pension Systems – Reemployment of Retirees – Maryland School for the Deaf Exemption**

This is Board requested legislation to amend the current list of schools at which a retiree of the TPS/TRS may be reemployed and still be exempt from the reemployment earnings limitation to include the Maryland School for the Deaf. This bill would allow TRS and TPS retirees of the Maryland School for the Deaf to participate in the retire/rehire program currently in place if they are reemployed by that school.

- Assigned to House Appropriations Committee - 1/19/12
- Hearing in Appropriations - 2/7/12
- Pension Oversight Committee in Appropriations voted **FAVORABLE w/ AMENDMENTS** – 2/16/12
  
- Assigned to the Senate Budget and Taxation Committee - 1/25/12
- Hearing in Budget and Tax - 2/9/12

**BOARD REQUESTED LEGISLATION**

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**House Bill 162/Senate Bill 273**

**State Retirement and Pension System – Administrative and Operational Expenses – Certifications and Notifications**

This is Board requested legislation to amend the date when the SRA is required to certify to local school boards the amount of administrative costs owed by each school board. The legislation amends the May 1 final certification deadline to a preliminary certification date and adds July 1 as the final certification date.

- Assigned to the House Appropriations Committee - 1/23/12
- Hearing in Appropriations - 2/7/12
  
- Assigned to the Senate Budget and Taxation Committee - 1/26/12
- Hearing in Budget and Tax - 2/9/12

**BOARD REQUESTED LEGISLATION**

**House Bill 170/Senate Bill 52**

**State Employees' Retirement and Pension Systems – Eligible Employees – St. Mary's Nursing Center, Inc.**

This legislation provides that any employee of the St. Mary's Nursing Center (formerly St. Mary's Nursing Home) that was employed by the Mary's Nursing home prior to its withdrawal from the SRPS on January 17, 1996, may remain in the EPS or ERS.

- Assigned to the House Appropriations Committee - 1/25/12
- Hearing in Appropriations - 2/7/12
  
- Assigned to Senate Budget and Taxation Committee - 1/13/12
- Hearing in Budget and Tax - 2/9/12

**Staff recommends taking no position on this legislation.**

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**House Bill 249/Senate Bill 335**

**Judges' Retirement System – Contribution Rates for New Members**

This proposed legislation increases the employee contribution rate from 6% to 8% for any individual who becomes a member of the JRS on or after July 1, 2012.

This legislation is at the request and recommendation of the Judicial Compensation Commission.

- Assigned to House Appropriations Committee - 1/26/12
- Hearing in Appropriations - 2/14/12
  
- Assigned to the Senate Budget and Taxation Committee - 1/27/12
- Hearing in Budget and Tax - 2/8/12

**Staff recommends taking no position on this legislation.**

**House Bill 277/Senate Bill 343**

**State Government – Brokerage and Investment Management Services – Use of Minority Business Enterprises – Application**

This bill amends the reporting requirements of the Board of Trustees to the Governor's Office of Minority Affairs with regard to the use of minority business enterprises for brokerage and investment banking services. The bill would require the Board to include the percentage and dollar value of the assets that are under the investment control of minority business enterprise brokerage and investment management services firms for each allocated asset class.

- Assigned to the House Health and Government Operations Committee - 1/27/12
- Hearing in Health and Government Operations - 2/8/12
  
- Assigned to Senate Education Health and Environment Committee and the Senate Budget and Taxation Committee - 1/27/12
- Hearing in Education Health and Environment – 2/23/12

**Staff recommends taking no position on this legislation.**



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**House Bill 371/Senate Bill 367**

**State Retirement and Pension System – Transfer of Service Credit**

This bill provides that any individual who meets certain criteria may transfer the years of service credit the member has accrued in LEOPS to EPS, despite have more than a 30 day break in service. This bill provides that the individual will not be responsible for paying and employer or employee contributions associated with the transfer.

- Assigned to the House Appropriations Committee - 2/1/12
- Hearing in Appropriations - 2/14/12
  
- Assigned to Senate Budget and Taxation Committee - 1/30/12
- Hearing in Budget and Tax - 2/23/12

**Staff recommends opposing this legislation.**

**House Bill 516/Senate Bill 470**

**Allegany County – Orphans’ Court Judges – Pensions**

This bill increases the pension that an Orphans' Court judge from Allegany County shall receive at the time of retirement.

- Assigned to the House Appropriations Committee - 2/2/12
- Hearing in Appropriations - 2/14/12
  
- › Assigned to the Senate Budget and Taxation Committee - 2/2/12
- › Hearing in Budget and Tax - 2/23/12

**Staff recommends taking no position on this legislation.**

**House Bill 537/Senate Bill 783**

**State Personnel – Collective Bargaining - Applicability**

This proposed legislation would provide collective bargaining rights to classified employees of the SRA.

- › Assigned to the House Appropriations Committee – 2/3/12
- › Hearing in Appropriations - 2/21/12
  
- › Assigned to the Senate Finance Committee - 2/3/12
- › Hearing in Finance – 3/8/12

**Staff will have a recommendation on this legislation for the Board on February 21, 2012.**

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**House Bill 572**

**Elected Public Officials – Criminal Acts – Forfeiture or Suspension of Retirement Benefits**

This proposed legislation would provide that any elected public official or retired elected public official who is convicted of a specified crime during the public official's term of office, shall forfeit any retirement benefits accrued on or after July 1, 2012.

- Assigned to the House Appropriations Committee – 2/3/12
- Hearing in Appropriations – 2/21/12

**Staff recommends taking no position on this legislation.**

**House Bill 630/Senate Bill 497**

**Employees' Retirement and Pension Systems – Reemployment of Retirees – Parole and Probation Employees**

This proposed legislation provides that a retiree of the EPS/ERS who is reemployed as a parole and probation employee is not subject to the reemployment earnings limitation.

- Assigned to House Appropriations Committee – 2/8/12
- Hearing in Appropriations – 2/21/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/2/12

**Staff recommends taking no position on this legislation.**

**House Bill 645/Senate Bill 956**

**State Retirement and Pension System – New Hires – Cash Balance Defined Benefit Plan**

This proposed legislation closes the EPS, TPS, and ORP to all new employees hired on or after July 1, 2012 and requires these new employees to participate in a cash balance plan established as a condition of employment.

- Assigned to House Appropriations Committee – 2/8/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/14/12

**Staff recommends opposing this legislation in order to express concerns with regard to cash balance plans.**

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**House Bill 653/Senate Bill 958**

**State Retirement and Pension System –Cash Balance Plan**

This proposed legislation freezes benefits for current members of the TPS and EPS, closes these systems and the ORP to new members, and requires current members of the TPS or EPS whose membership is terminated to participate in a cash balance plan established as a condition of employment. All new employees hired on or after July 1, 2012, who would otherwise be eligible for the EPS, TPS, or ORP must participate in the cash balance plan.

- Assigned to House Appropriations Committee – 2/8/12
- Assigned to the Senate Budget and Taxation Committee - 2/14/12

**Staff recommends opposing this legislation in order to express concerns with regard to cash balance plans.**

**House Bill 661**

**State Retirement and Pension System – Local Employer Contributions – Educators and Educational Staff**

This proposed legislation requires each county government to pay a portion of the employer pension contribution for members of the TRS or TPS who are employed by the county. Specifically, beginning July 1, 2013, each county government, including Baltimore City, would be required to pay the portion of the employer contribution for TRS/TPS members that is attributable to any new employee hired on or after July 1, 2011.

- Assigned to House Appropriations Committee – 2/8/12

**Staff recommends taking no position on this legislation.**

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**House Bill 801/Senate Bill 880**

**State Retirement and Pension System – Transfer of Members Between Systems**

This proposed legislation applies to an individual who, on or before June 30, 2011, was member of one of the several systems and without incurring a break in service transfers to another of the several systems on or after July 1, 2011. This individual would be considered a new member of the system into which the individual is transferring, but is subject to the requirements that were in place for that system on June 30, 2011.

This bill will apply to any individual who was a member of one of the several systems on June 30, 2011 and became a member of another one of the several systems on or after July 1, 2011.

- Assigned to House Appropriations Committee – 2/9/12
- Hearing in Appropriations – 2/28/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/14/12
- Hearing in Budget and Tax - 2/23/12

**Staff recommends supporting this legislation with amendments.**

**House Bill 806/Senate Bill 672**

**State Retirement and Pension System – Investment Division – Salary Setting**

This proposed legislation grants the Board of Trustees the authority to determine the compensation for the deputy chief investment officer and the managing directors of the Investment Division. This bill limits the salary and increases the board may set for these individuals to maximum salaries at various levels of the Maryland Executive Pay Plan. The bill also prohibits the board from providing bonuses for these individuals or providing raises equal to more than a 10% increase over the lowest salary for the position in question for the prior fiscal year.

- Assigned to House Appropriations Committee – 2/9/12
- Hearing in Appropriations – 2/28/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/2/12
- Hearing in Budget and Tax - 2/23/12

**BOARD REQUESTED LEGISLATION**

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**ATTACHMENT A  
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**House Bill 807/Senate Bill 498**

**State Retirement and Pension System – Contribution Rates and Reinvestment of Savings –  
Technical Clarifications**

This proposed legislation makes technical changes to the current funding provisions for the system to clarify how certain legislative changes shall be addressed when the actuary determines the employer contribution rate each year. In addition, this legislation clarifies that beginning in FY 2014, the Governor shall, in addition to the annual employer contribution, reinvest \$300 million, annually, in the system.

- Assigned to House Appropriations Committee – 2/9/12
- Hearing in Appropriations – 2/28/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/2/12
- Hearing in Budget and Tax - 2/23/12

**Staff recommends supporting this legislation.**

**House Bill 808/Senate Bill 879**

**State Retirement and Pension System – Cost-of-Living Adjustments - Clarifications**

Chapter 599 of 2011 charged the State Retirement Agency with reviewing the COLA provisions in the State Personnel and Pensions Article for accuracy and clarity and submit its recommendations for changes to achieve these goals to the Joint Committee on Pensions during the 2011 interim. This legislation reflects those recommendations. The changes to the COLA provisions included in this bill are only technical and clarifying.

- Assigned to House Appropriations Committee – 2/9/12
- Hearing in Appropriations – 2/28/12
  
- Assigned to the Senate Budget and Taxation Committee - 2/2/12
- Hearing in Budget and Tax - 2/23/12

**Staff recommends supporting this legislation.**

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**House Bill 863/Senate Bill 836**

**Teachers' Retirement and Pension Systems – Local Employer Contributions**

This proposed legislation requires certain county governments to pay a portion of employer pension costs for their employees who are members of the TRS or TPS beginning July 1, 2013. The local share of employer pension costs for an employee of a local school system, community college, or library is the portion of total employer costs that is based on the amount of an employee's salary that exceeds the statewide median annual salary for similar employees. Only those county governments whose local median annual salary for local school systems, community colleges, and libraries exceeds the statewide median annual salaries for these same groups are required to pay a portion of employer pension costs for their employees.

- Assigned to House Appropriations Committee – 2/9/12
- Assigned to the Senate Budget and Taxation Committee - 2/2/12
- Hearing in Budget and Tax - 2/29/12

**Staff recommends taking no position on this legislation.**

**House Bill 916/Senate Bill 779**

**State Retirement and Pension System – Study of Asset Management**

This proposed legislation requires the Governor's Office of Minority Affairs to conduct a study of the State Retirement and Pension System and all funds managed by the Board of Trustees to determine the capacity to select minority fund managers across all asset classes and to determine methods that best assure the recruitment and selection of minority companies for fund-to-fund management or direct management by the Investment Division.

The Governor's Office of Minority Affairs is required to submit its findings and recommendations to the Governor, the Board of Trustees, and the General Assembly on or before December 1, 2012.

- Assigned to House Appropriations Committee – 2/10/12
- Assigned to the Senate Budget and Taxation Committee - 2/2/12

**Staff recommends taking no position on this legislation at this time.**

10:07:00 AM 02/28/12

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**House Bill 1208**

**Baltimore County – Transfers from Noncontributory System to Employees' Retirement System – Contributions and Interest.**

This proposed legislation requires that if an individual transfers from a noncontributory system to the Baltimore County Employees' Retirement System, on retirement the individual's retirement allowance must be reduced by the actuarial equivalent of the accumulated contributions that would have been deducted if the individual had always been a member of the Baltimore County ERS, including interest on those contributions. The bill requires the Board of Trustees for the Baltimore County ERS to work in consultation with the actuary for the Baltimore County ERS to determine this amount.

- Assigned to House Appropriations Committee – 2/28/12
- Hearing in Appropriations – 2/28/12

**Staff recommends taking no position on this legislation.**

**House Bill 1261/Senate Bill 894**

**Baltimore City – Representation of Child Support Enforcement Administration – Transfer of Employees.**

This proposed legislation transfers 12 individuals from the Baltimore City Office of the State's Attorney to the Office of the Attorney General. Upon transferring to the Office of the Attorney General, this legislation provides that these individuals will become members of the State's EPS. The legislation further provides various options for these individuals with regard to the service credit they earned in the Baltimore City Employees' Retirement System, and what impact that service credit may have on their new benefit in the State's EPS.

- Assigned to House Judiciary Committee – 2/10/12
- Assigned to the Senate Finance Committee - 2/2/12

**Staff recommends taking no position on this legislation.**

**Senate Bill 119**

**State Personnel and Pensions – Optional Retirement Program – Maryland Higher Education Commission**

This proposed legislation clarifies that employees of the Maryland Higher Education Commission who are in a position determined by the Secretary of Higher Education to be a professional position are eligible to participate in the ORP.

- Assigned to the Senate Budget and Taxation Committee - 1/18/12
- Hearing scheduled in Budget and Tax - 2/9/12

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- Pension Oversight Committee in Budget in Tax voted **FAVORABLE** - 2/9/12

**Staff recommends taking no position on this legislation.**

**Senate Bill 444**

**Optional Retirement Program – State Employees and Teachers – Participation**

This proposed legislation expands the coverage of both the institutions and employees that are eligible to participate in the ORP. Participation in the ORP is optional and is extended to all future employees of the State who would otherwise be members of the various systems within the SRPS.

- Assigned to Senate Budget and Taxation Committee - 2/2/12

**Staff recommends opposing this legislation.**



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**ADMINISTRATIVE COMMITTEE MEETING REPORT**

February 7, 2012

Public Advisor  
Selection Policy  
Revision

- C. Mr. Dean Kenderdine presented to the Committee a revised version of the Investment Committee Public Advisor Selection Policy. The Committee discussed the revised policy. On a motion made by Ms. Hill and seconded by Mr. Haines, the Administrative Committee **approved** the revised policy for **recommendation to the Board**.

*NOTE: This matter was also an agenda item for the Investment Committee at its meeting on February 10<sup>th</sup> and was approved for recommendation to the Board.*

COMAR Regulation  
Disability Retirement  
Revision

- E. Ms. Anne Budowski and Ms. Rachel Cohen presented a revision to the COMAR Regulation 22.06.01 Disability Retirement.

After a lengthy discussion the Committee requested additional changes and clarifications to be presented at the Committee's March 6, 2012 meeting for review.

In addition to the requested changes, Mr. Harkins also requested a narrative that will fully detail how the revised regulation will alter the Board's responsibility in disability exceptions hearings.

Pension Reform and  
Implementation  
Update

- G. Mr. Ira Greenstein provided the Committee with a status update on the system automation of pension reform changes and its implementation.

- › Phase 1 "Active Member" changes are running in Production.
- › Hewlett Packard continues to deliver good quality software.
- › The Project Management Office continues to test the Phase 2 "Retiree" changes, at this stage, outstanding defects are limited and known.
- › Phase 2 changes to create the new retirement estimates and finals are planned to go into Production by February 22, 2012.
- › The software to make Revisions to retiree and beneficiary records is scheduled to be complete by March 20, 2012.
- › Most of the software coding for Phase 3 "Year End" changes has been delivered by HP to the Agency. These include the Interest Workbook, portions of the Personal Statement of Benefits, Cost of Living Adjustments, and Actuarial jobs, along with a few other jobs and associated screens. To get a jump on testing, several staff resources have been borrowed back from the business units. Once Phase 2 jobs are moved to Production, the current PMO team will focus on Revisions and on retroactively updating accounts for retirees since 8/1/2011 for the new COLA provisions, along with joining in the Phase 3 testing.
- › The Project leadership team has set a date of March 15th to take full stock of the Phase 3 testing progress, to have a sense if there is ANY residual risk to completing the work on schedule by the end of June.
- › We continue to be optimistic in meeting all completion targets, and

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**ADMINISTRATIVE COMMITTEE MEETING REPORT**

February 7, 2012

we continue to track along well under the not-to-exceed contract dollars.

Business Plan and  
Strategic Plan  
Updates

- H. Mr. Dean Kenderdine provided the Committee with a Business Plan and Strategic Plan update. *See Attachment B.*

Member Service  
Update

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

The abandonment percentage for December 2011 was 1.70% and the average speed of answer was 29 seconds.

Ms. Budowski concluded her report by summarizing customer service survey remarks.

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

February 21, 2012

**INVESTMENT COMMITTEE MEETING REPORT**

February 10, 2012

- Public Advisor Selection Policy Revision
- B. Mr. Zirkin presented to the Committee a revised version of the Investment Committee Public Advisor Selection Policy. The Committee discussed the revised policy.  
On a motion made by Major Krome and seconded by Mr. Hughes, the Investment Committee unanimously voted to **approve** the changes outlined in the policy.
- Public Member Position – Call for Nominations
- C. Mr. Zirkin informed the Committee that Mr. Larry Jennings, Jr.'s term is due to expire on June 30, 2012 and that Mr. Jennings has expressed interest to continue on as a Trustee. However per state law, the Committee must open the position up for additional nominations. The System has issued a call for nominations for this position, which would serve a three-year term from July 1, 2012 – June 30, 2015. Mr. Zirkin informed the committee that the nomination period will remain open until March 1, 2012.
- Albourne Education Presentation
- E. The Committee received an introductory presentation by Albourne, the System's Absolute Return / Hedge Fund Consultant, on the role of hedge funds in a diversified portfolio. Presentation was presented by Steve Kennedy (Lead Consultant); accompanied by Lisa Needle (Secondary Consultant) and David Tatkow (Associate).
- Report from CIO
- F. The Committee received a report from the CIO and staff on the fourth quarter investment performance as of December 31, 2011. Each Managing Director gave an update of their asset class area.
- Legislative Update
- G. Mr. Kenderdine provided the Committee an overview of five bills that affect the investment program.
- HB 806 / SB 672 – State Retirement and Pension System - Investment Division - Salary Setting
  - HB 277 / SB 343 – State Government – Brokerage and Investment Management Services – Use of Minority Business Enterprises – Application
  - HB 645 / SB 956 – State Retirement and Pension Systems - New Hires - Cash Balance Defined Benefit Plan
  - HB 653 / SB 958 -- State Retirement and Pension Systems - Cash Balance Plan
  - HB 916 / SB 779 – State Retirement and Pension System - Study of Asset Management
- Reports
- H. The Committee received the December 31, 2011 Performance Update, and Economic and Market Environment – January 2012 from Hewitt Ennis Knupp, the System's general consultant.
- Investment Reports
- I. The Committee received the following investment reports:
- State Street Performance Reports
  - Real Estate Performance Report – June 30, 2011
  - Securities Lending Report
  - Division's FY12 Travel Plan – Update
  - OPEB Update

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