

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

September 17, 2019

The Board of Trustees for the Maryland State Retirement and Pension System convened at the Board Room of the SunTrust Building, 120 East Baltimore Street, 16th Floor Board Room, Baltimore, Maryland beginning at 2:00 p.m.

The Trustees present included:

Nancy K. Kopp, Chairman, presiding	Linda Herman
Peter Franchot, Vice Chairman (via phone)	Sheila Hill
David Brinkley (via phone)	F. Patrick Hughes
Eric Brotman	Charles Johnson (via phone)
Jamaal Craddock	Richard Norman
Kenneth Haines	Douglas Prouty
	Michael Stafford

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

Mark Ashland	Ira Greenstein	Harvey Raitzyk
Melody Countess	Angie Jenkins	Kenneth Reott
Patricia Fitzhugh	Van Lewis	David Rongione
Anne Gawthrop	Kimberly O’Keeffe	Janet Sirkis
Michael Golden	Andrew Palmer	Toni Voglino

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

Other attendees included: Brad Armstrong (GRS), Jeff Tebeau (GRS), Phillip Anthony, Justin Hayes and Michael Rubenstein

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

- August 20, 2019 Open Meeting Board Minutes
- August 20, 2019 Corporate Governance Committee Meeting Summary
- September 3, 2019 Administrative Committee Meeting Summary, including a recommendation to adopt the Executive Director’s decision to deny a participant’s request for a waiver of the one-year requirement to request a service credit transfer.

Gabriel Roeder Mr. Brad Armstrong and Mr. Jeff Tebeau GRS presented the preliminary results of
Smith & Company the State Retirement and Pension System’s Actuarial Valuation for the period
(GRS) - FY2018 ending June 30, 2019 for the Board’s review.
Valuation

Preliminary Ms. Herman asked, regarding the actuarial value of assets, if the \$106.0 million
Results loss reflected in the report was one year’s share of a \$500 million loss, smoothed
out over five years.

Mr. Armstrong responded in the affirmative.

Mr. Stafford asked what the funded ratio was two years ago, with the FY2017 valuation.

Mr. Tebeau responded that the funded ratio was 70.7%, which has increased 1.5%.

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Mr. Armstrong commented that a full replication audit of GRS' work will be done over the next five weeks and GRS anticipates that the Board will be in a position to certify the rates when it meets in November.

Final Adoption of
Proposed
Amendments to
COMAR

Mr. Reott presented proposed amendments to COMAR 22.01.06 – Payment of Benefits and 22.01.10 – Transfer of Membership (repeal), which were previously adopted by the Board of Trustees for submission to the Administrative, Executive, and Legislative Review Committee, and then published in the Maryland Register for public comment. Mr. Reott reported that the 45-day comment period had expired and no comments were received. Therefore, the proposed amendments were being presented to the Board of Trustees for final adoption.

On a motion made by Mr. Norman and seconded by Mr. Prouty, the Board of Trustees, approved for final adoption, the amended regulations concerning the Payment of Benefits (COMAR 22.01.06) and the Transfer of Membership (repeal) (COMAR 22.01.10).

Treasurer Kopp asked if the Agency was able to determine if people actually review the proposed amendments that are published in the Maryland Register.

Ms. Gawthrop responded that there is no way for the Agency to track who views the publication; however, in the past, the Agency has received comments on several proposed amendments that were published.

Recommendation
of the
Administrative
Committee
regarding the FY
Budget

Mr. Kenderdine presented the Agency's Budget Request for Fiscal Year (FY) 2021.

Mr. Kenderdine reported that the Department of Budget and Management (DBM) has given the Agency a budget target of \$27 million, which includes \$1.9 million for MPAS-3. The Agency's FY 2021 request is in excess of that target, at \$27,573,211. Factors which are driving costs above the target include cost associated with conducting two (2) Trustee elections, for the positions currently held by Mr. Prouty and Mr. Craddock, and programming services needed for funding for Agency's IT systems development. The Agency's budget request includes an operating budget component of \$25,677,211, and continued funding for MPAS-3 in the amount of \$1,896,000.

Mr. Kenderdine reported that the budget request also includes the following four (4) unfunded initiatives or "Over the Target" requests that are submitted for the Board's consideration:

- Additional Technology Resources to Support Improved Member Services – (\$904,320). This request is to address additional operating costs associated with technology implemented as part of the MITDP, Business Process Reengineering (MPAS-3).
- Contractual Information Technology Internal Audit Services – (\$150k). This request would be on an annual basis for a contractual IT internal audit to be performed to help ensure that risks associated with the Agency's IT are adequately addressed by the Agency, and that the Agency's information system security functions in accordance with applicable policies, procedures and regulations. The Agency's anticipated member portal on

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the website is the primary driver of this concern.

- Contractual Investment Internal Audit Services – (\$120k). This request would be on an annual basis for a contractual investment internal audit to be performed to help ensure that the risks associated with the System’s investment program are adequately addressed by the Agency, especially in light of the anticipated move of certain assets to internal management.
- Two (2) Additional Internal Auditor II Positions – (\$105,122). The Internal Auditor II positions are responsible for performing audits of the System to ensure functions are in accordance with applicable policies, procedures and regulations. These positions would replace two that have been list over the past several years.

On a motion made by Mr. Norman and seconded by Ms. Hill, the Board of Trustees approved the FY21 Budget Proposal, as presented. Secretary Brinkley abstained.

Recommendation
of the
Administrative and
Investment
Committees
regarding the
Investment
Division’s Budget
Recommendations
for FY20 and
FY21

Mr. Hughes, Chairman of the Investment Committee reported that the Committee voted to approve the Investment Division’s budget recommendations for FY20 and FY21, as presented, for recommendation to the Board of Trustees.

On a motion made by Mr. Norman and seconded by Ms. Hill, the Board of Trustees, by a vote of 10 to 2, approved the Investment Division’s budget recommendations for FY20 and FY21, as presented. Secretary Brinkley abstained. Trustees Brotman and Herman opposed the motion.

Recommendation
of the Investment
Committee
regarding changes
to the Investment
Policy Manual

Mr. Hughes, Chairman of the Investment Committee reported that the Committee voted to approve the suggested changes to the Investment Policy Manual, as presented, for recommendation to the Board of Trustees. The Board was provided with a red-lined version of the suggested changes to the Investment Policy Manual.

On a motion made by Mr. Hughes and seconded by Mr. Brotman, the Board of Trustees, approved the Investment Committee’s recommendations for updating the Investment Policy Manual, as presented.

Recommendation
of the Investment
Committee
regarding the
Contract
Extension for
Meketa
Investment Group

Mr. Hughes, as Chairman of the Investment Committee reported that the Investment Committee recommends that the Board of Trustees approve a contract extension for Meketa Investment Group, the System’s General Investment Consultant.

On a motion made by Mr. Brotman and seconded by Ms. Hill, the Board of Trustees, by a vote of 11 to 2, approved the Investment Committee’s recommendation to exercise the second one-year extension of the General Investment Consultant Services Contract with Meketa Investment Group at the current rate. Trustees Franchot and Herman opposed the motion.

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Recommendation
of the Evaluation
Committee
regarding the
Actuarial Audit
Services Provider
Contract

Mr. Kenderdine reported that Board policy requires that an actuarial audit be performed every five years, with a full replication audit to be performed every ten years. Therefore, a Key Service Provider procurement must be completed prior to the Board's review and acceptance of the June 30, 2019 actuarial valuation report. The Board was provided a memorandum which provided background information regarding the search for an Actuarial Audit Provider.

Mr. Kenderdine reported that one proposal was received in response to the Request for Proposals (RFP). The proposal was determined to be reasonably susceptible of being selected for award. Therefore, the evaluation committee recommends the selection of Bolton Partners, Inc. of Baltimore for the actuarial audit contract. Ms. Melody Countess would serve as contract monitor.

Mr. Kenderdine reported that the Board's approval of Bolton Partners, Inc. of Baltimore as the System's actuarial auditor would be subject to the approval of the Board of Public Works.

Treasurer Kopp questioned why only one response was received.

Mr. Kenderdine responded that the original solicitation for Actuarial Audit Services was initially issued on May 15, 2019 and advertised on eMaryland Marketplace. In that solicitation, a SOC 2 TYPE 2 Audit was a requirement. That initial solicitation was ultimately canceled because it was later determined that the solicitation did not need to require a SOC 2 TYPE 2 Audit because the Agency would not need to convey personal identifiable information to the vendor for purposes of the audit.

For the record, the following details concerning this procurement and the limited response to it, are added to the minutes:

The SOC 2 TYPE 2 Audit requirement was seen as an impediment to competition. The solicitation was re-issued minus the SOC 2 TYPE 2 Audit requirement. One (1) bid was received by the due date. An evaluation of the one proposal received resulted in it being deemed a responsive bid from a responsible bidder. The Procurement Officer determined that other prospective bidders had a reasonable opportunity to respond, given the length of time the solicitation was outstanding. The one vendor's price was deemed fair and reasonable. A similar service was performed by the same vendor approximately five (5) years ago for \$55k. All solicited firms were solicited for feedback as to why they did not respond to the solicitation. Only three (3) feedback responses were received. One of the vendors stated that they did not provide the requested service(s), and two (2) other vendors felt that the insurance requirements were too restrictive. This solicitation was issued near the time that eMMA, a new electronic application, was launched; therefore, the availability of this procurement opportunity may have been impacted by the number of qualified vendors, for these particular services, being registered on eMMA at that time.

On a motion made by Mr. Brotman and seconded by Mr. Hughes, the Board of Trustees approved the evaluation committee's recommendation that Bolton Partners, Inc. of Baltimore be awarded the Actuarial Audit Contract.

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Status Report
from Benefits
Administration

Mr. Raitzyk provided the Board of Trustees with FY19 performance numbers of the Benefits Administration division, including a history of Member Services telephone calls back to FY15.

Mr. Raitzyk reported that the MPAS project was in the final phase and that the member services portal is scheduled to “go live” in November, 2019.

Referring to Mr. Raitzyk’s performance report for FY 19, Mr. Brotman requested an explanation for the 83,971 “employee contribution discrepancies” reported for the year.

Mr. Raitzyk responded that when a participating employer submits payroll data, it may contain payroll errors, which the Agency does not immediately detect and then enforce rules regarding payroll reporting issues. However, with the reengineering through the MPAS project, staff will be able to link individuals to an employer’s established payroll schedule. That will allow the Agency to more accurately calculate the required employee contribution amount. By knowing with greater certainty, the data elements used to calculate the required employee contribution amount, the Agency will then confidently be able to establish any contribution deficiencies on the member’s record, including notification to both the employer and employee. Additionally, the Agency will be able to better communicate with employers much earlier, when errors in payroll are detected, and correct them.

Ms. Hill asked how often Agency staff trains retirement coordinators.

Mr. Raitzyk responded that the Agency provides an annual recertification training course.

Treasurer Kopp asked if the Agency has ever surveyed employees regarding the performance of their employer’s retirement coordinator.

Mr. Raitzyk responded that the Agency has not issued surveys to employees in the past on that topic, however, staff could do so.

Ms. Hill asked, if given the high turnover in human resources departments, does the Agency mandate how many retirement coordinators an agency must have based on the number of employees.

Mr. Raitzyk responded that the Retirement Agency does have such authority.

Mr. Brotman inquired as to why the volume of calls has decreased but the wait time to speak to a counselor has increased.

Mr. Raitzyk responded that the numbers are comparable. Since the Agency changed the phone system to allow more people to “hold their place in line” with a call-back feature those calls should be included when comparing the counts.

Mr. Brotman asked if there were continued staffing issues during the most recent reporting period.

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Mr. Kenderdine responded that the Member Services Unit had experienced staffing issues over the last several years. The Member Services Unit completed hiring for the "double PIN" position in July 2019. However, since that time, there has now been additional turnover including the resignation of one of the double pinned positions.

Executive
Director's Report

Mr. Kenderdine reported that legislation passed in the last session that may potentially change the prescription drug benefits for retirees if the State prevails in currently pending litigation. Among other things, this legislation establishes a Maryland Retiree Prescription Drug Coverage Program ("Program") for eligible State employees who separate from employment on or before December 31, 2019 and retire on or before January 1, 2020. The Department of Budget and Management has issued a letter informing employees of these changes in the law.

Secretary Brinkley confirmed that DBM sent certified letters to employees, which provided a summary of the changes, in order to give members sufficient time to decide about their retirement. He reported that there was a lack of clarity regarding the date by which someone must retire to be eligible for the Program, however, it has been determined that employees can work until December 31, 2019, retire on January 1, 2020, and qualify for the Program established under the legislation. Employees who retire after January 1, 2020 may qualify for other prescription benefits depending on their employment start date.

Secretary Brinkley also reported that this matter is being challenged in court and the Judge in the case has asked that the Plaintiffs amend their complaint to address the 2019 legislation.

Anticipating that employees may have questions the Agency has coordinated with the Department of Budget and Management regarding its communications via the Agency website and member services.

Mr. Kenderdine reported the great news that Angie Jenkins has returned from medical leave. Mr. Kenderdine also acknowledged and thanked Janet Sirkis for all her hard work during Ms. Jenkins' absence.

Mr. Kenderdine reported on the MPAS-3 project, indicating that the Agency is thirty-five days into using the new Customer Relationship Management (CRM) system and reports that there have been no issues. He also indicated that the Member Document Storage (MDS) system, another new component, has gone active and is working as expected.

Mr. Kenderdine reminded the Board that next month's meeting on October 15, 2019 will also be the Board's annual education session, which will be held at the Miller Senate Office Building in Annapolis. Once the agenda is finalized, a copy will be provided to the Board.

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On a motion made by Mr. Norman and duly seconded, the Board voted to meet in a Closed Session, beginning at 3:00 p.m., in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

- a) reviewing the August 20, 2019 closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;
- 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 statutory requirement that prevents public disclosure, 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) considering the rescission of a disability award of an individual participant, pursuant to General Provisions Art., § 3-305 (b)(13), to comply with a specific statutory requirement that prevents public disclosure, 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, and
- d) discussing the Chief Investment Officer's Evaluation, 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.

CLOSED SESSION

The Trustees present included:

Nancy K. Kopp, Chairman, presiding	Sheila Hill
Peter Franchot, Vice Chairman (via phone)	F. Patrick Hughes
David Brinkley (via phone)	Charles Johnson (via phone)
Eric Brotman	Richard Norman
Jamaal Craddock	Douglas Prouty
Kenneth Haines	Michael Stafford
Linda Herman	

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

Mark Ashland	Anne Gawthrop	Kimberly O'Keeffe
Melody Countess	Michael Golden	Harvey Raitzyk
Patricia Fitzhugh	Angie Jenkins	Janet Sirkis

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

Other attendees included: Justin Hayes

On a motion made by Mr. Norman and duly seconded, the Board returned to open session at 3:15 p.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

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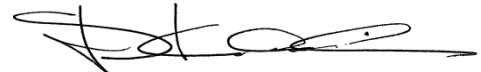
OPEN SESSION

During closed session, the Board of Trustees discussed and acted on the following matters:

Closed Session Minutes	The Board approved the August 20, 2019 closed session minutes.
Medical Board Reports	The Board adopted the medical board reports from August 21, August 29, and September 4, 2019.
Recommendation of the Administrative Committee regarding the Rescission of a Disability Award	The Board approved the Committee's recommendations regarding the rescission of a disability award.
Recommendations concerning the Chief Investment Officer's Performance Evaluation	The Board voted to approve an incentive compensation award to the Chief Investment Officer for FY2019 performance, consistent with his employment agreement.

Adjournment There being no further business before the Board, on a motion made by Mr. Norman and seconded by Ms. Hill, the meeting adjourned at 3:16 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

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**CORPORATE GOVERNANCE COMMITTEE MEETING SUMMARY
August 20, 2019**

Update
and
Review of
Iran-Sudan
Divestment

The Committee considered staff's recommendation to approve the proposed Iran and Sudan Restricted List. Ms. Voglino informed the Committee that four companies are recommended for removal from the Iran Sudan Restricted List and two companies are recommended to be added to the Restricted List. Ms. Voglino detailed the four companies recommended for removal from the Restricted List are Anton Oilfield Services, Jingxi Hongdu Aviation Industry Company, LS Industrial Systems and Petronas Global Sukuk. These companies were previously reported to have activities related to oil, military equipment or power production in Sudan. However, MSCI has reported that the four companies no longer have activities in Sudan that meet the divestment requirements for Maryland. Ms. Voglino detailed that the two companies recommended for addition to the Restricted List are Gazprom and Gazprom Capital. Specifically, these companies are recommended for restriction because of their oil involvement in Iran. Ms. Kopp asked what activities these companies have to be involved in to be considered for divestment. Ms. Voglino responded that companies must be involved in oil in Iran or oil, military equipment or power production in Sudan in order to be considered for divestment. Ms. Voglino further explained that Gazprom and Gazprom Capital were sent engagement letters asking them to comment on their involvement in Iran and the System received no response. Ms. Kopp asked if the System was currently invested in Gazprom. Ms. Voglino responded that no, the System was not invested in Gazprom in any actively managed account.

Ms. Voglino explained to the Committee the divestment analysis, performed by the System's general investment consultant Meketa, detailed that divestment has minimal impact on the portfolio. Specifically, the estimated impact on equity investments is a -1 to 1 basis point impact and a +1 basis point impact for the bond securities.

Ms. Voglino confirmed that all 26 companies on the Recommended Iran and Sudan Restricted List meet the divestment requirements for Maryland.

A motion was made by Mr. Johnson and seconded by Mr. Prouty and the Committee unanimously agreed on the motion. Below is the Iran and Sudan Restricted List.

Iran and Sudan Restricted List		
August 20, 2019		
<u>ISSUER NAME</u>	<u>Country</u>	<u>Sudan or Iran</u>
AviChina Industry & Technology Company Limited	China	Sudan
Bharat Heavy Electricals Limited	India	Sudan
China National Petroleum Corporation (PetroChina Co)	China	Both
CNOOC Curtis Funding NO.1 PTY LTD	Australia	Iran
El Sewedy Electric Co. SAE	Egypt	Sudan
Energy House Holding Company	Kuwait	Sudan
Gazprom OOO	Russia	Iran
Gazprom Capital	Russia	Iran

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**CORPORATE GOVERNANCE COMMITTEE MEETING SUMMARY
August 20, 2019**

Harbin Power Equipment Co., Ltd	China	Sudan
Kuwait Finance House K.S.C.	Kuwait	Sudan
Managem S.A.	Morocco	Sudan
Oil and Natural Gas Corporation Limited	India	Sudan
Oil India International PTE. LTD.	Singapore	Sudan
Oil India Ltd.	India	Sudan
ONGC Videsh Limited	India	Sudan
ONGC Videsh Vankorneft PTE. LTD.	Singapore	Sudan
Orca Gold Inc.	Canada	Sudan
Petroliam Nasional Berhad (Petronas)	Malaysia	Sudan
Petronas Capital Limited	Malaysia	Sudan
Schneider Electric S.A.	France	Sudan
Siemens Aktiengesellschaft	Germany	Sudan
Siemens Financieringsmaatschappij N.V.	Netherlands	Sudan
Sinopec Group Overseas Development (2012) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2013) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2014) Limited	British Virgin Islands	Both
Sinopec Group Overseas Development (2016) Limited	British Virgin Islands	Both
Total		26

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**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 3, 2019**

Request for a
Waiver of the
One Year
Requirement to
Request a
Service Credit
Transfer

Ms. Tammy Cook appeared before the Administrative Committee to ask that the Committee overturn the Executive Director's recommendation to deny her request for a waiver of the one-year requirement to request a service credit transfer. Ms. Cook indicated that she was not informed by her employer, when she became a member of the Correctional Officers' Retirement System (CORS), as a result of her employment at the Clifton T. Perkins Hospital Center, that she could combine her service in that System with her service in the Employees' Pension System (EPS). Ms. Cook also indicated that she did not receive any communications from the State Retirement Agency that she could combine her service.

Kim O'Keeffe, Deputy Retirement Administrator, presented background information regarding Ms. Cook's request for a waiver of the one-year requirement to request a service credit transfer and the Executive Director's recommendation that the Committee uphold his decision in this regard. Ms. O'Keeffe indicated that Ms. Cook became a member of the EPS in September 2000 and continued her employment as a member of the EPS until July 13, 2010. On July 14, 2010, Ms. Cook became a member of the CORS when she took a position at the Clifton T. Perkins Hospital Center. Ms. O'Keeffe reported that on September 15, 2010, the State Retirement Agency mailed a letter to Ms. Cook advising her of her right to transfer her service.

Ms. O'Keeffe reported that it wasn't until February 9, 2016, that the Agency received an Election to Transfer Service form from Ms. Cook. The Agency responded on May 12, 2016, that the Election to Transfer Service form could not be accepted as it was not received within the one (1) year deadline to make such a request. On February 27, 2019, Ms. Cook wrote a letter to the Agency and submitted another Election to Transfer Service form. On March 14, 2019, Mr. Kenderdine notified Ms. Cook that her waiver request had been denied, as it was not received within four (4) years of Ms. Cook ending her membership in the EPS and beginning her membership in the CORS.

On a motion made by Mr. Haines and seconded by Mr. Nicole, the Administrative Committee adopted the Executive Director's decision to deny Ms. Tammy Cook's request for a waiver of the one-year requirement to request a service credit transfer.

FY21 Budget
Proposal

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

Mr. Kenderdine, along with Van Lewis, David Rongione and Ira Greenstein presented the Agency's Budget Request for Fiscal Year (FY) 2021.

Mr. Kenderdine reported that the Department of Budget and Management (DBM) has given the Agency a budget target of \$27 million, which includes \$1.9 million for MPAS-3. The Agency's FY 2021 request is in excess of that target, at \$27,573,211. This proposed budget includes costs associated with conducting two (2) Trustee elections, for the positions currently held by Mr. Prouty and Mr. Craddock, and continued funding for the MPAS-3 project and agency systems development. The Agency's budget request includes an operating budget

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**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 3, 2019**

component of \$25,677,211, and continued funding for MPAS-3 in the amount of \$1,896,000. Mr. Kenderdine also reported that the budget request also includes four (4) unfunded initiatives or “Over the Target” requests that are submitted for the Board’s consideration.

On a motion made by Mr. Haines and seconded by Mr. Prouty, the Administrative Committee approved, for recommendation to the Board of Trustees, the FY20 Budget Proposal, as presented. Mr. Nicole abstained.

FY20 and FY21
Budget Request
– Investment
Division

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

Mr. Palmer and Mr. Burd provided the Committee with two budget proposals for which Committee and Board approval is requested; one is a set of proposed expenditures in the current fiscal year (FY20) and the other is a projected budget for FY21 which reflects a full fiscal year’s expenditures.

Mr. Burd reported that the total budget request for FY20 is \$13.9 million, while the request for fiscal year 2021 is \$16.8 million, which represents 2.6 and 3.1 basis points to total plan assets, respectively. This compares favorably to recent peer data compiled by CEM, which reported median total investment cost, excluding manager fees, of 3.8 basis points. The main drivers of the \$2.9 million increase from FY20 to FY21 include the expenses related to the private equity consultant and staff compensation. The FY21 budget includes an increase in staff compensation and benefits of roughly \$2 million, plus an addition of six new positions to provide redundancy and succession planning in some areas, as well as to build out the internal management program in others.

On a motion made by Mr. Prouty and seconded by Mr. Haines, the Administrative Committee approved, for recommendation to the Board of Trustees, the FY20 and FY21 Investment Division Budget Proposals, as presented. Mr. Nicole abstained.

Finance Reports
Quarter Ending
June 30, 2019

Ms. Countess and Mr. Lewis presented the Administrative Expenses report for the quarter ending June 30, 2019. Mr. Lewis reported that the Agency expended 95.08% of its available appropriation, with a year-end surplus of \$1,220,308. However, there was a deficit in personnel costs, due to an increase in the Agency’s turnover rate.

Mr. Lewis presented the MBE Performance Report for the quarter ending June 30, 2019. Mr. Lewis reported that MBE performance, inclusive of the MPAS-3 contract modification, was 23.45%, which is below the Administrative MBE performance goal of 29.0%. Mr. Lewis added that the MBE performance exclusive of the MPAS-3 contract modification was 41.60%.

Status and Roll-
out Strategy for
mySRPS Secure
Participant
Portal

Mr. Puranam introduced Will Morrow, MPAS+ Project Manager to the Committee. Mr. Morrow presented a status update and roll-out strategy for the mySRPS secure participant portal.

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**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 3, 2019**

Mr. Morrow provided the Committee with a launch schedule, which provides for an alpha test, in which all Agency employees will be given access to the portal, on September 16, 2019. The next phase will begin on October 4, 2019, in which a group of 500 members, both active and retirees, will be given a sneak preview and be allowed to access the portal. Mr. Morrow further reported that mySRPS is scheduled to go-live on November 4, 2019.

Ms. Hill asked if Board Trustees, who are members of the System, would be included in the sneak preview.

Mr. Morrow responded that the preview will include Trustees in the group.

Mr. Prouty asked if the employers and their HR personnel were being notified of the sneak preview.

Mr. Morrow responded in the affirmative, indicating that all retirement coordinators are being asked to participate in the sneak preview.

Member
Services Update

Mr. Raitzyk reported that 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 July 2019. However, the unit's call abandonment rate of 13.27% was below the FY19 average of 15.00%. The unit's average speed of answer was 177 seconds for the month of July.

In response to Treasure Kopp's inquiry at the August Administrative Committee, Mr. Raitzyk provided the Committee with a memorandum regarding the member services survey responses. Mr. Raitzyk reported that starting in August, 2019 the Agency has expanded Agency survey responses to also acknowledge all complaints and suggestions provided through survey responses and that the performance update will be modified to provide statistics.

Rescission of a
Disability Award

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

The Administrative Committee discussed and approved staff's recommendations regarding the rescission of a disability award, as presented.