

**ADMINISTRATIVE COMMITTEE MINUTES  
BOARD OF TRUSTEES  
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

February 4, 2020

The Administrative Committee met at the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor, Board Room, Baltimore, Maryland, beginning at 9:30 a.m.

The Trustees present included:

Richard Norman, Chairman	Nancy K. Kopp (via phone)
Kenneth Haines, Vice Chairman	Marc Nicole
Sheila Hill (via phone)	Douglas Prouty (via phone)

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

Robert Burd	Ira Greenstein	Andrew Palmer
Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Van Lewis	David Rongione
Anne Gawthrop	Kim O’Keeffe	Janet Sirkis
Michael Golden		

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Joe Rice (via phone) from CBIZ

Minutes            On a motion made by Mr. Nicole and seconded by Mr. Prouty the Administrative Committee approved the December 3, 2019 open session meeting minutes.

Adjusting Salary Ranges for Investment Division Personnel    Mr. Palmer introduced Joe Rice from CBIZ Consulting, who was on the phone, to discuss recommendations for an annual adjustment to the salary ranges for certain Investment Division positions.

Mr. Rice reported that CBIZ worked with Agency staff, the Board’s Objective Criteria Committee (OCC), and the Board of Trustees in 2018 and early 2019 to design and implement a new compensation plan for the Investment staff, in accordance with SB 899 passed by the Maryland General Assembly in 2018. With the new salary structure and ranges in place, CBIZ recommends adjusting the salary structure annually to help ensure that the salary range minimums remain competitive with the market and that the salary range maximums remain appropriate. In order to assist with this process, CBIZ outlined two metrics to consider when deciding how to adjust the compensation structure. Mr. Rice reported that the first metric comes from the 2019-20 WorldatWork Salary Budget Survey, which includes over 1,900 participating U.S. firms.

The following table contains actual 2019 and projected 2020 salary structure adjustments for all organizations in the survey cohort known as the “Funds, Trusts & Other Financial Vehicles” industry, and Funds, Trusts & Other Financial Vehicles data for the Eastern region.

Data Cut	Actual 2019			Projected 2020		
	Non-Exempt	Exempt	Officers/Executives	Non-Exempt	Exempt	Officers/Executives
Region: Eastern	2.2	2.2	2.2	2.3	2.2	2.2
Industry: Funds, Trusts & Other Financial Vehicles	2.2	2.1	2.2	2.0	2.0	2.4
Funds, Trusts & Other Financial Vehicles organizations in the Eastern region	ISD	2.0	ISD	ISD	2.4	ISD

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Mr. Rice reported that the second metric to evaluate is the Employment Cost Index (ECI) produced by the Bureau of Labor Statistics. The ECI measures changes in the cost of labor. Relevant data cuts that apply to the Investment Division are provided in the table below showing wages and salary growth over the preceding 12 months.

Industry	Sub Industry	12-months ended Sept 2019
State and Local Government	Professional and related	2.8%
Service-providing industries	Professional and business services	2.8%

Mr. Rice reported that it is CBIZ's recommendation to use the WorldatWork data and adjust it based on the average between the three Investment employee categories for the combined eastern region and industry, which is 2.3%. Applying the adjustment would result in the following new salary ranges:

Band	Level	Title	2019 Structure Range			Adjustment Factor			2020 Structure Range		
			Min	Mid	Max	Band	Level	Title	Min	Mid	Max
Professional	P1	Investment Associate	65,435	76,886	88,337	2.30%	2.30%	2.30%	66,940	78,654	90,369
	P2	Sr. Investment Analyst I	71,978	84,575	97,171	2.30%	2.30%	2.30%	73,634	86,520	99,406
	P3	Sr. Investment Analyst II	81,051	97,261	113,471	2.30%	2.30%	2.30%	82,915	99,498	116,081
	P4	Sr. Investment Analyst III	101,313	121,576	141,839	2.30%	2.30%	2.30%	103,644	124,372	145,101
Management	M1	Sr. Compliance Manager	108,873	127,926	146,979	2.30%	2.30%	2.30%	111,378	130,869	150,360
	M2	Sr. Portfolio Manager I / Sr. Risk Manager I	116,713	145,891	175,069	2.30%	2.30%	2.30%	119,397	149,247	179,096
	M3	Sr. Portfolio Manager II / Sr. Risk Manager II	128,384	160,480	192,576	2.30%	2.30%	2.30%	131,337	164,171	197,006
	M4	Sr. Portfolio Manager III / Sr. Risk Manager III	147,642	184,552	221,463	2.30%	2.30%	2.30%	151,038	188,797	226,556
	M5	Sr. Portfolio Manager IV	155,024	193,780	232,536	2.30%	2.30%	2.30%	158,590	198,237	237,884
	M6	Sr. Portfolio Manager V	170,526	213,158	255,790	2.30%	2.30%	2.30%	174,448	218,061	261,673
Leadership	L1	Managing Director	188,563	245,132	301,700	2.30%	2.30%	2.30%	192,900	250,770	308,640
	L2	Deputy Chief Investment Officer	207,419	269,645	331,871	2.30%	2.30%	2.30%	212,190	275,847	339,504
	L3	Chief Investment Officer	269,645	350,538	431,432	2.30%	2.30%	2.30%	275,847	358,601	441,355

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Mr. Rice reported that salary range adjustments are not be made for other Investment Division positions found in the following chart. The salaries for those positions are benchmarked to the State Government salary ranges and are eligible for cost-of-living adjustments and merit increases available to other state employees. Since 12/31/18, the State provided four cost-of-living increases totaling 6.5%. The adjustments to the ranges for those positions reflect the actual increases for those classifications over the past year.

Band	Level	Title	2019 Structure Range			Adjustment Factor			2020 Structure Range		
			Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Investment Admin.	15	Executive Assistant	41,358	53,431	65,827	n/a	n/a	n/a	44,106	56,982	70,201
	17	Accounting Lead Specialized	46,857	60,815	75,012	n/a	n/a	n/a	49,971	64,857	79,996
	17	Assistant Director - Investment Admin	46,857	60,815	75,012	n/a	n/a	n/a	49,971	64,857	79,996
	21	Sr. Compliance Analyst	60,543	78,952	97,203	n/a	n/a	n/a	64,565	84,198	103,661
	21	Director - Investment Admin	60,543	78,952	97,203	n/a	n/a	n/a	64,565	84,198	103,661
	ES6	Managing Director - Investment Admin & Accounting	92,333	107,785	123,236	n/a	n/a	n/a	98,466	114,945	131,422
	21	Director - Accounting	60,543	78,952	97,203	n/a	n/a	n/a	64,565	84,198	103,661

Mr. Palmer commented that the salary structure adjustments being recommended do not impact any specific Investment staff's salary. Recommendations for such salary adjustments will be brought to the Board at its February meeting.

Mr. Nicole asked what happens when a staff member's salary is below that range.

Mr. Palmer responded that most Investment staff salaries are below the range. The expectation is that salaries will catch up in time, within the parameters set in the law.

Mr. Kenderdine stated that the purpose of annually doing this analysis and resetting the salary ranges is to ensure that the Board remains aware of where the System stands in comparison to the market.

On a motion made by Ms. Hill and seconded by Treasurer Kopp, the Committee approved the recommendation of CBIZ Consulting to use the WorldatWork data and adjust the average salary of the three Investment employee categories by 2.3%, as presented, for recommendation to the Board of Trustees.

2020  
Legislative  
Review

Ms. Anne Gawthrop provided the Committee an updated overview of the 2020 pension related legislation introduced to the General Assembly since the January Board of Trustees meeting. Ms. Gawthrop then presented six bills with recommendations of a position to be taken by the Board. Ms. Gawthrop's complete list of 2020 legislation is found in Attachment A.

Senate Bill 489	Teachers' Retirement and Pension System – Reemployment – Clarification	Support
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House Bill 446	Correctional Officers' Retirement System – Membership - Chaplains	Oppose based on advice received last year from the System's tax counsel.
House Bill 778	Correctional Officers' Retirement System – Membership	Oppose if tax counsel determines these individuals do not qualify for a 20-year retirement
House Bill 633	State Retirement and Pension System – Military Service – Purchase of Credit	Staff believes this legislation is unnecessary and recommends working with the sponsor to explain that members of the system may already purchase up to 10 years of military service credit.
House Bill 401	Public Information Act – Remote Access, Fee Complaints, Fee Waivers, and Inspection of Judicial Records (Open Government, Better Government Act)	Oppose
Senate Bill 397	Administrative Procedure Act – Dispositions and Summary Suspensions – Time Periods	Oppose

Treasurer Kopp, regarding Senate Bill 489, asked what the significance was in limiting to grant funds, and whether a position funded by federal funds could qualify for the exemption from the earnings limit.

Ms. Cohen responded that under the bill, a position funded by federal funds could qualify for the exemption if the funds were specifically earmarked to pay the full cost of the individual's compensation, and there were no matching State dollars.

Ms. Gawthrop further responded that she is scheduled to meet with the Director of the Agency's Special Projects unit to get answers to her questions regarding this bill and will report back to the Committee.

Ms. Hill asked about House Bill 778 requiring specific Department of Juvenile Services (DJS) employees to become members of the Correctional Officers' Retirement System (CORS) and staff's recommendation to oppose this bill. Ms. Hill commented that Public Safety Officers at DJS, including case managers, have to go through the same training as Correctional Officers.

Treasurer Kopp asked for clarification from tax counsel as to where the IRS draws the line for defining what qualifies as a Correctional Officer.

Ms. Cohen responded that the recently passed federal SECURE Act will likely delay final adoption of proposed Treasury regulations regarding a plan's permissible normal retirement age. Members of CORS may retire after 20 years of service regardless of age. Based on the proposed regulations that permit such retirements only by qualified public safety officers, tax

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counsel has recommended that the State not add new types of job classifications to the CORS unless the positions are clearly similar to positions currently in CORS. She further explained that if the bill's sponsors can supply the job descriptions for these positions, then tax counsel can review them and give a recommendation.

Ms. Hill commented that she would be opposing staff's recommendations regarding House Bill 778.

Treasurer Kopp, regarding House Bill 401, asked that Ms. Gawthrop provide specific examples of PIA requests that the Agency has received when speaking with the bill sponsor. Ms. Gawthrop responded that Mike Golden, the Agency's PIA Liaison, and other staff have been putting together specific information to present.

Mr. Haines commented that he believes that House Bill 401 will open the door to nuisance requests.

Ms. Gawthrop agreed.

Mr. Norman asked Ms. Gawthrop what happened after testifying regarding House Bill 115, which was presented last month to the Board.

Ms. Gawthrop responded that the bill will be referred to the House pension subcommittee for consideration.

On a motion made by Ms. Hill and seconded by Mr. Haines, the Committee removed House Bill 778 from the legislative packet for the Committee's consideration. Mr. Nicole opposed the motion.

On a motion made by Mr. Haines and seconded by Mr. Nicole, the Committee approved staff's recommendations, except for House Bill 778, for recommendation to the Board.

On a motion made by Ms. Hill and seconded by Mr. Haines, House Bill 778 was tabled until further information is received by tax counsel. After further discussion, Ms. Hill rescinded her motion.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Committee approved staff's recommendation that it will ask the System's tax counsel to determine if it believes those employees would qualify as correctional officers under proposed IRS regulations and if tax counsel determines these individuals do not qualify, then staff would oppose House Bill 778.

Member  
Services  
Update

Mr. Reott reported that the Member Services unit was unable to meet its performance goals for both the call abandonment rate and for the average call wait time for December 2019. The unit's call abandonment rate was 25.87% and the average speed of answer was 665 seconds.

Mr. Reott reported that staff is addressing the unit's performance issues taking the following steps:

1. Increasing the number of specialists able to receive phone calls. Mr. Reott reported that since Mondays are the heaviest call days, the unit has adopted an "all hands-on deck" approach for Mondays, with all unit staff taking calls. Correspondence and emails will be delayed until Tuesday and there will be no scheduled counseling

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- appointments on Mondays. The unit will still accept walk-ins.
2. Reducing the number of callers. Mr. Reott reported that after listening to recorded calls with the highest topic volume, for example refund status, staff began to identify common issues being presented or questions being asked. Mr. Reott reported that with that information, staff will be able to review forms to make sure they are clear and organized, review FAQs on the forms to ensure we are answering the most common questions asked, and creating a call script for specialists to follow to ensure they are not only handling the issue or question being presented, but also anticipating other issues or questions.
  3. Improving the performance of the specialists. Mr. Reott reported that senior specialists should be able to handle more calls per day than a new specialist. In addition, staff will be looking at the unit's "occupancy rate", which is the amount of time it takes a specialist to receive a call, for the necessary research and work to resolve the member's issue and wrap up the call. Industry standard for an employee's occupancy rate to be between 60-80%. The unit's current occupancy rate is about 58%.

Mr. Reott reported that he is meeting with the Member Services unit every other week and will collaboratively make determinations as to what processes are working and which are not. Mr. Reott added that approximately 400,000 letters regarding the roll-out of the new member portal *mySRPS*, will be going out over the next six months. This will, no doubt, increase call volume. The Agency has contracted with a vendor call center to handle *mySRPS* registration questions by our members.

Mr. Nicole complimented Mr. Reott and his staff for looking at new options to improve customer service. Mr. Nicole asked if the vendor call center could share the call script, they will be using, with our staff so that the customer is getting the same information regarding registration.

Mr. Reott responded that it was the Agency who created the call script that the vendor call center will use to answer any calls regarding registration and *mySRPS*.

**CLOSED SESSION**

On a motion made by Mr. Nicole and seconded by Mr. Haines, the Administrative Committee voted to meet in a Closed Session beginning at 10:17 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor, for the purpose of:

- a) receiving legal advice from counsel regarding the effective date of retirement of certain participants, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice, and to protect the confidentiality of individual retirement and personnel records, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-311 regarding the prohibition on disclosing personnel records of an individual.

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Kenneth Haines, Vice Chairman  
Sheila Hill (via phone)

Nancy K. Kopp (via phone)  
Marc Nicole  
Douglas Prouty (via phone)

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

Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Kim O'Keeffe	David Rongione
Michael Golden		Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

On a motion made by Mr. Nicole and seconded by Mr. Haines, the Administrative Committee returned to open session at 10:32 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor.

**OPEN SESSION**

The Trustees present included:

Richard Norman, Chairman  
Kenneth Haines, Vice Chairman  
Sheila Hill (via phone)

Nancy K. Kopp (via phone)  
Marc Nicole  
Douglas Prouty (via phone)

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

Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Kim O'Keeffe	David Rongione
Michael Golden		Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Adjournment      There being no further business before the Committee, on a motion made by Mr. Nicole and seconded by Mr. Prouty, the meeting adjourned at 10:33 a.m.

Respectfully submitted,



R. Dean Kenderdine,  
Secretary to the Board