

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

November 3, 2017

The Administrative Committee met, via teleconference, beginning at 9:34 a.m.

The Trustees present included:

James Harkins, Chairman, Presiding (via phone)	Marc Nicole (via phone)
Theresa Lochte, Vice Chairman (via phone)	Richard Norman (via phone)
Susanne Brogan (via phone)	

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

Melody Countess	Angie Jenkins	Michelle Lowery
Anne Gawthrop	Van Lewis	Harvey Raitzyk

Assistant Attorneys General present included: Rachel Cohen

Minutes	On a motion made by Mr. Norman and seconded by Ms. Lochte, the Administrative Committee approved the October 3, 2017 open session meeting minutes.
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Board Requested Legislation - Addendum	Mr. Kenderdine reported that the Committee was provided, electronically, a copy of a report that (1) describes the State Retirement Agency's methodology for calculating the administrative expense fund cap; (2) presents the history of the administrative expense cap and how it has come to include, in addition to active member salaries, retiree and beneficiary benefits, and the compensation of inactive members; and (3) offers a recommendation for an amendment to Maryland statute that would codify what has been the Agency's practice.
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Ms. Anne Gawthrop reported on the legislative history of this matter and summarized the recommendations for statutory changes to the Agency's Administrative Expense Cap for recommendation to the Board of Trustees for inclusion in its 2018 legislative proposals to the Joint Committee on Pensions (JCP). Ms. Gawthrop reported that the proposed legislation would (1) codify current and long-standing practice for calculating the Agency's Administrative Fee Cap to include active member salaries, retiree benefits, and inactive/vested member compensation; and (2) address the fact that the System's budget will, with the proposed FY2019 budget request, exceed the current Administrative Fee Cap of .22% of payroll. The request for legislation offers alternatives for increasing the statutory cap.

Mr. Kenderdine reported that any recommendation from the Administrative Committee would be presented, electronically, to the Board for vote, in order to present the request to the JCP at its meeting on Tuesday, November 7, 2017.

Ms. Brogan asked what the Agency's recommended increase would be.

Mr. Kenderdine responded that staff is recommending that the cap be increased to at least .25%.

Ms. Brogan asked what the cost of MPAS-3 is.

Mr. Lewis stated that MPAS-3 costs are projected to be \$18-20 million.

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Ms. Brogan asked if increasing the cap to .25% would cover the cost of the \$20 million maximum to implement MPAS-3.

Mr. Kenderdine responded that staff would need to verify the calculations, but that he thought .25% would cover the cost.

On a motion made by Ms. Brogan and seconded by Ms. Lochte, the Administrative Committee approved staff's legislative proposal regarding the administrative expense cap for recommendation to the Board of Trustees.

On a motion made by Mr. Norman and seconded by Ms. Lochte, the Administrative Committee voted to meet in a closed session beginning at 10:58 a.m., via teleconference, for the purpose of:

1. reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function.

CLOSED SESSION

The Trustees present included:

James Harkins, Chairman, Presiding (via phone)	Marc Nicole (via phone)
Theresa Lochte, Vice Chairman (via phone)	Richard Norman (via phone)
Susanne Brogan (via phone)	

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

Melody Countess	Angie Jenkins	Michelle Lowery
Anne Gawthrop	Van Lewis	Harvey Raitzyk

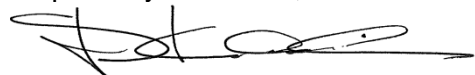
Assistant Attorneys General present included: Rachel Cohen

On a motion made by Ms. Brogan and seconded by Mr. Norman, the Administrative Committee returned to open session at 10:59, via teleconference.

During closed session, the Committee discussed and took action on the following matters:

Closed Session Minutes	The Committee reviewed and approved the October 3, 2017 closed session minutes.
Adjournment	There being no further business before the Committee, on a motion made by Ms. Brogan and seconded by Mr. Norman, the meeting adjourned at 10:59 a.m.

Respectfully submitted,



R. Dean Kenderdine,
Secretary to the Board