

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

June 19, 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 10:03 a.m.

The Trustees present included:

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

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

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

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen, Carla Katzenberg, Jill Leiner, and Melissa Warren.

Also attended by: John Kenney, John Jones (MRSPA), and Randy Mickens (MSTA).

- |   |  |
|---|--|
| Consent Agenda  | 1. On a motion made by Mr. Harkins and seconded by Mr. Hagans, the Board approved the consent agenda which included the: <ul style="list-style-type: none"><li>› April 17, 2012 Open Meeting Board Minutes</li><li>› May 15, 2012 Open Meeting Board Minutes</li><li>› June 5, 2012 Administrative Committee Report</li><li>› June 12, 2012 Audit Committee Report</li><li>› Disability Reports from the Medical Board</li></ul> |
| Board Officers  | 2. On a motion made by Mr. Zirkin and seconded by Mr. Hughes, the Board elected the following officers: <ul style="list-style-type: none"><li>› Nancy K. Kopp as Chairman</li><li>› Peter Franchot as Vice-Chairman</li><li>› R. Dean Kenderdine as Secretary</li></ul>  |
| FY13 Business Plan Initiatives                            | 3. Mr. Kenderdine presented the FY13 Business Plan Initiatives. See Attachment A. On a motion made by Mr. Harkins and seconded by Mr. Hagans, the Board approved the FY13 Business Plan.   |
| Earnings Limitations Recovery & Disability Offset Reports | 4. On a motion made by Mr. Hughes and seconded by Mr. Zollicoffer, the Board approved the: <ul style="list-style-type: none"><li>› Earnings Limitation Recovery Report and authorized the Agency to reduce the FY13 benefits of the affected retirees, and the;</li><li>› Disability Offset Report and authorized the Agency to reduce the FY13 benefits of the affected retirees.</li></ul>                                     |
| 2012 Attendance & Training Report                         | 5. Mr. Kenderdine presented the required six-month Attendance Report and Training Report for January 1 through June 19, 2012 for review. The Attendance Report will be updated to reflect June attendance and then filed with the Governor's Appointments Office and the Department of Legislative   |

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

June 19, 2012

Services by June 30, 2012 as required.

- CIO Report      6. Mr. Robert Burd presented an investment performance update as of May 31, 2012. He reported that the total fund returned -3.79% for the month, compared to the policy benchmark of -4.11%. Fiscal year to date as of May 31, 2012, the total fund was down 1.83%, outperforming the policy benchmark by 65 basis points. Over the last three years the System has produced annualized returns of 10.21% compared to the policy benchmark of 9.34%.
- Executive Director's Report      7. Mr. R. Dean Kenderdine reported on recent Agency developments.
- Mr. Kenderdine reported that the Pew Center on the States released a report entitled *The Widening Gap Update*. The report is an updated analysis of State pension plans' funded status and contribution history. Mr. Kenderdine pointed out that the update is based on FY2012 data. Maryland is cited as a plan with "Major Concerns". Mr. Kenderdine reported that the Pew Center's scoring is based on a four-point scale with two points for being 80% funded or better, one point for consistently receiving the annual required contribution, and one point for having an unfunded liability less than the total State payroll.
- 
- Mr. Kenderdine reported that the Board of Public Works approved the appointment of Mr. Larry Jennings, Jr. for Public Advisor for the term ending June 30, 2015.
- 
- Mr. Kenderdine reported that the Agency is working with the Maryland Charity Campaign (MCC) on their annual retiree campaign, consistent with all past years' arrangements.
- 
- Mr. Kenderdine informed the Board of the remand order for Carole Copelan.
- Board Portal Presentation      8. Mr. Ira Greenstein conducted a demonstration of the newly revised Board Portal.

061912

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

June 19, 2012

**CLOSED SESSION**

The Board met in a Closed Session (11:03 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 a tax issue, pursuant to State Government Article § 10-508(a)(7), receiving advice of counsel.

The Trustees present included:

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

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

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

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen, Carla Katzenberg, Jill Leiner, and Melissa Warren.

**REGULAR SESSION**

The Board returned to open session at 11:25 a.m.

- |   |   |
|---|---|
| Actuarial Assumptions & Capital Market Expected Returns | 9. Brian Murphy and Brad Armstrong from Gabriel, Roeder, Smith and Company (GRS), the System's actuary along with Clair Shaughnessy and Armand Yambao from Hewitt Ennis Knupp (HEK), the System's general consultant, discussed with the Board the System's actuarial assumptions & capital market expected returns. This was in follow up to the Board's concern over differences in conclusions by the two consultants. The differences were reported as due to The differences were reported as due to (1) HEK including a specific return assumption for emerging market equity and certain other asset classes, (2) HEK using the System's 3% inflation assumption as opposed to GRS using 2.75%, and most significantly, (3) the fact that GRS subtracted 50 basis points from the asset class assumptions each year for asset manager fees where HEK does not. |
| Paris A. Jones, Jr.                                     | 10. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Paris A. Jones, Jr. for <u>ACCIDENTAL DISABILITY</u> retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.  |

Mr. Paris A. Jones, Jr. did not appear before the Board to oppose the

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

June 19, 2012

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 Closed Session.

- Jesse York, III 11. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Jesse York, III for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Jesse York, III 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 Closed Session.

- Laurie Burr 12. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Laurie Burr for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Ronald Jarashow, Esq., Ms. Laurie Burr's attorney, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, briefly addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations.

**CLOSED SESSION – APPEALS AND HEARINGS**

The Board met in a Closed Session (11:15 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. 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:

Robert Hagans, Jr.  
Kenneth Haines  
Sheila Hill (via telephone)  
F. Patrick Hughes

Major Morris Krome  
Theresa Lochte  
Harold Zirkin  
Thurman Zollicoffer, Jr.

Agency Staff members attending included: R. Dean Kenderdine, Executive Director\ Board Secretary  
Margaret Bury Janet Sirkis Patrice Sowah

Assistant Attorney General present included: Deborah Bacharach and Rachel Cohen.

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

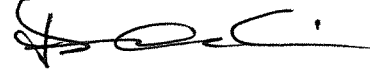
June 19, 2012

**REGULAR SESSION**

The Board reported that during the closed session the Board reviewed and decided on the following disability appeals:

- Paris A. Jones, Jr. 13. The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Paris A. Jones, Jr.'s request for accidental disability benefits.
- Jesse York, III 14. The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Jesse York, III's request for accidental disability benefits.
- Laurie Burr 15. The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Laurie Burr's request for accidental disability benefits.
- Adjournment 16. There being no further business before the Board, the meeting adjourned at 1:15 p.m.

Respectfully submitted,



R. Dean Kenderdine  
Secretary to the Board

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

June 19, 2012

***ADMINISTRATIVE COMMITTEE REPORT  
OF THE JUNE 5, 2012 MEETING***

- Minutes      A. On a motion made by Ms. Hill and seconded by Major Krome, the Administrative Committee approved the minutes of the April 3, 2012 open session meeting with corrections.
- Trustee Election Schedule      B. The Committee reviewed the Board of Trustees election schedule.

In accordance with the State Personnel and Pensions §21-104(a)(4)(iii) the candidate for the teacher position must be an active member of either the Teachers' Retirement System or the Teachers' Pension System. The Board of Trustees' Regulations (COMAR 22.03.01.06(A)(2)(a)(i)) require that a candidate for the position secure the signatures and dates of birth of 500 eligible voters in order to appear on the ballot.

In accordance with State Personnel and Pensions §21-104(a)(4)(i) the candidate for the employee position must be an active member of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension System. The Board of Trustees' Regulations (COMAR 22.03.01.06(A)(2)(a)(i)) require that a candidate for the position secure the signatures and dates of birth of 500 eligible voters in order to appear on the ballot. Election schedule subject to approval by contractor.

The term of office for the successful candidate in each election will be from August 1, 2013 through July 31, 2017.

|  |  |
|--|--|
| Oct. 15, 2012 through January 18, 2013 | An eligible voter may obtain a nomination form from the Executive Director.  |
| March 15, 2013                         | Completed nomination forms must be submitted to the Executive Director by an eligible voter by 4:30 p.m.   |
| March 29, 2013                         | Executive Director certifies that an eligible voter satisfies the conditions set forth in 22.03.01.06 of the Board of Trustees' Regulations                    |
| May 13, 2013                           | Mailing of election materials to eligible voters, including candidate biographies and personal identification numbers for internet and IVR (telephone) access. |
| May 14, 2013                           | IVR (telephone) and website (internet) open for voting   |
| June 17, 2013                          | Last date for voting. Deadline is 4:30 p.m.  |
| July 16, 2013 <sup>1</sup>             | Executive Director announces election results at the July Board of Trustees meeting.   |

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

June 19, 2012

***ADMINISTRATIVE COMMITTEE REPORT  
OF THE JUNE 5, 2012 MEETING***

1 Subject to the Board of Trustees' approval of the 2013 meeting dates

On a motion made by Ms. Hill and seconded by Mr. Haines, the Administrative Committee **approved** the Teachers' Systems and Employees' Systems representative's 2013 Board of Trustees election schedule for **recommendation to the Board**.

Pension Reform and  
Implementation  
Update

- D. Mr. Ira Greenstein provided the Committee with a status update on the system automation of pension reform changes and its implementation.
- ▶ This is the final project update before the Agency's contract with HP for programming services ends this month.
  - ▶ Overall, the project has been very successful. We are not done, but we are in the home stretch.
  - ▶ The only items remaining to be completed are these:
    - Changes to the Personal Statement of Benefits are still in testing; testing will be completed before this functionality is needed.
    - The Interest Workbook is still being tested by the PMO; this is the highest priority now, since it is critical to run in early July.
    - Actuarial jobs are in final testing.
    - There are a few other changes and fixes that are being completed quickly.
    - HP is also completing updates to MPAS documentation – 32 documents have been done, there are 5 more to go.
  - ▶ In the process of making all these changes, HP has also made some improvements to the way MPAS handles certain functions. For example:
    - Where several different programs handled name changes in the past, HP created common software code so this will make MPAS easier to maintain in this area.
    - Also, HP is also developing a module to allow us to take the outputs of MPAS and load them straight into the Agency's imaging system, without first printing out the reports and manually scanning them.
  - ▶ As occurred after we first placed the MPAS system into Production in 2010, the Agency expects that we will be discovering and fixing the Pension Reforms software for several more months, particularly where unique data situations surface. This is normal and will be handled as part of ongoing operations and maintenance activities.
  - ▶ The entire effort will transition back to ongoing operations and maintenance mode at the end of this month.
  - ▶ The flexibility the Agency was given to get these Pension Reform changes done, and the diligence of the team doing the work, paid off.
  - ▶ We are projecting that the project, which was funded from FY2011, will come in at \$4.2 million, \$300,000 under budget.
  - ▶ Kudos to Harvey Raitzyk and his PMO team, and to Marge Bury and her staff, who all have worked very hard on this project.

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

June 19, 2012

***ADMINISTRATIVE COMMITTEE REPORT  
OF THE JUNE 5, 2012 MEETING***

- Finance Reports    E.    Ms. Melody Countess presented the FY2012 Non-Budgeted Investment Manager and Service Related Fees Report.
- Ms. Melody Countess presented the Administrative Expenses Report and MBE Performance Report quarter ending March 31, 2011. MBE Performance was 31.85%
- The Administrative Committee accepted the reports of the Administrative Expenses and Management Fees and the MBE report for the quarter ending March 31, 2012.
- Member Service Update    F.    Ms. Anne Budowski updated the Committee on the performance of the Member Services Unit.
- The abandonment percentage for April 2012 was 3.9% and the average speed of answer was 70 seconds.
- Ms. Budowski concluded her report by summarizing customer service survey remarks. Satisfaction ratings for the month of April were 97.2%.
- Communication Update    G.    Mr. Michael Golden provided an overview of activity in the Office of External Affairs.
- › May 31, 2012 Walmart press release regarding the System's vote of no confidence
  - › April 4, 2012 top1000funds.com investor profile *Maryland boldly seeks return to full funding.*
  - › Creating fillable on-line forms for our members and retirees.
  - › Staff photo directory
  - › Video hosting with Vimeo
  - › Posting three multimedia training videos to our public website: Leave of Absence, Payroll Reporting, and Employer Education.
  - › 2012 legislative session briefings with Administration staff.
  - › Surveying Annapolis office for supplies and workflow.



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

June 19, 2012

**AUDIT COMMITTEE REPORT  
OF THE JUNE 12, 2012 MEETING**

20120619 10:00 AM

February 21, 2012 Meeting Minutes      A. On a motion made by Major Krome, and seconded by Mr. Harkins, the minutes of the February 21, 2012 Audit Committee meeting were **approved**.

Changes to the FY 2012 Audit Plan      B. The Committee was provided with a revised Audit Plan for FY 2012. Mr. Hughes noted that the only change was the inclusion of the PGU Billing Audit. On a motion by Major Krome, and seconded by Mr. Harkins, the revised FY 2012 Audit Plan was **approved**.

Internal Audit Division's Peer Review Report      C. The Committee was provided with the results of a peer review of the Internal Audit Division that was issued on May 17, 2012. Mr. Hughes noted that the review was conducted by Renee Kenney of the Comptroller's Office, and is a fine report.

The Committee discussed the report's recommendation for Internal Audit to obtain feedback from the auditee at the conclusion of each audit. Mr. Hughes questioned the objectivity of feedback provided, given the nature of the relationship between auditors issuing audit findings and auditees. Ms. Voglino explained that this is "best practices", and that she would like to obtain feedback on where auditees feel there could be improvements to the audit process.

Office of Legislative Audits' MSRA Audit Report      D. The Committee was provided with a report of the results of the Office of Legislative Audits (OLA) audit of the MSRA, issued on March 2, 2012. Ms. Voglino noted that it was a very thorough audit, and was issued after an extensive IT review by the OLA. Ms. Voglino informed the Committee that there was only one comment, which was related to MPAS, and that the Agency has already implemented the OLA's recommendations.

Mr. Hughes stated that this is a good report, and a compliment to MSRA management. Ms. Voglino agreed, stating that the MSRA is a very well-controlled agency, and that the OLA report recognizes that.

Completed Audits      E. The following completed audits were discussed by the Committee:

- Service Retirement Processing, April 11, 2012

The Committee discussed the reported audit finding related to average final compensation calculations. Ms. Voglino informed the Committee that average final compensation calculations involve a manual process and therefore human errors are possible. Ms. Voglino explained, as noted in the Agency's response, that the Agency is working toward having MPAS calculate the average final compensation after the data validation project is complete.

Mr. Reott confirmed that calculating a retiree's average final compensation is a manual process, with one individual performing the initial calculation, and a second reviewing it. Errors typically result in

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

June 19, 2012

***AUDIT COMMITTEE REPORT  
OF THE JUNE 12, 2012 MEETING***

small retirement allowance differences. Mr. Reott confirmed that all differences identified in the audit have been investigated and corrected, if necessary.

The Committee discussed the capability of MPAS to calculate members' average final compensation and the difficulties associated with automating the process.

The Committee requested that Internal Audit follow up by testing average final compensation calculations in six months.

➤ **Electronic Fund Transfers, April 30, 2012**

Ms. Voglino informed the Committee that the EFT process is a sound process with adequate controls in place and that our testing illustrated that electronic fund transfers were processed accurately. The audit also included an examination of EFT exemption requests, and found that approved waivers were on file. She confirmed that only a very small portion of retirees had requested and received waivers, and that new retirees may request, and be granted, waivers.

The Committee discussed whether EFT's should be mandatory for retirees, noting the Federal Social Security Administration's mandate requiring EFT for social security recipients. On a motion by Mr. Hughes, and seconded by Mr. Douglass, the Committee voted to submit this issue to the Administrative Committee for consideration, with the provision that legal counsel provide input on the federal regulations, after consulting with tax counsel.

➤ **MPAS Access Security (Follow-up), June 6, 2012**

Ms. Voglino told the Committee that this was a follow-up to a prior audit of MPAS access security. In the initial audit there were issues noting (1) the lack of documentation for individuals with MPAS access, (2) individuals had levels of access that were not necessary to fulfill their job duties, and (3) annual security reviews were not performed timely. This follow-up audit found that the Agency had cleaned up many of the MPAS access issues by terminating access for individuals that did not require it for their job duties, and annual security reviews were now being performed timely. However, there were still a number of employees identified in the initial audit without properly authorized MPAS access documentation on file. The Agency indicates that it is close to obtaining the documentation for all of these individuals. Mr. Greenstein told the Committee that although paper authorizations were not on file in every case, individuals were granted MPAS access that they should have had. A second follow-up audit is planned to confirm that all required documentation identified in the initial and follow-up audits have been obtained.

2012061912

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

June 19, 2012

**ATTACHMENT A**

**INTERNAL AUDIT DIVISION – FY2013 BUSINESS PLAN INITIATIVES**

**Project 13IA01:            DEVELOP AN AUDIT CLIENT SURVEY**

**Project Description:**     The Internal Audit Division will develop an audit client survey that is to be provided to the audit client concluding each audit. The survey will be designed to elicit feedback from the audit client regarding the audit process and the performance of the Internal Audit Division during the audit. Each survey response will be reviewed by management, discussed with the audit client if necessary and assessed for possible audit process improvements.

**Expected Outcome:**     The audit client survey will allow the audit client to express concerns or positive aspects regarding the audit process. The feedback provided in the survey will allow the Internal Audit Division to improve upon the audit process and to better serve the Agency.

**Timing:**                     To be completed by December 31, 2012.

**Links to Goals:**            The Internal Audit Division's goal is to provide a wide range of quality independent internal auditing services for the Audit Committee and consulting services for Management. An audit client survey performed after each audit will help ensure the Internal Audit Division is providing quality audit services to the Agency and where improvements in the audit process can be made.

**Budget Implications:**     No additional budget resources will be required for this initiative.

2012 JUN 19 10:58 AM

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

June 19, 2012

**ATTACHMENT A**

**EXECUTIVE OFFICE - FY2013 BUSINESS PLAN INITIATIVES**

**Project 12EX01: BUSINESS CONTINUITY PLAN – VIRTUAL OFFICE CAPACITY  
UPDATED NARRATIVE**

**Project Description:** In the development of the SRA Business Continuity Plan, it was determined that an adequate option for alternative space does not exist, should the Agency’s current space be rendered uninhabitable for a multiple-month period of time. As reported previously by the Executive Director, it is his intent to develop a plan whereby the Agency can, in the event of a disaster, maintain complete functionality through a comprehensive “virtual office capacity.”

Following up on a study conducted in 2012 along with planning by the Agency’s business continuity steering committee, senior management of the Agency will develop a prioritized strategy for further advancing the Agency toward having a virtual office capacity in the event of a disaster. Elements of this strategy may include:

(1) key personnel working from home;

(2) designing and implementing an emergency voice solution, to complement the existing IT disaster recovery capabilities. Such a solution could provide SRA with flexibility required during an emergency beyond basic telephone services, potentially including call distribution, interactive voice response, voicemail, and electronic mail integration capabilities.

The following three scenarios may be considered: 1) a minimal “disaster recovery” focused solution in Annapolis only to support emergency operations, 2) a larger scale implementation at SRA to replace existing voice and telephone capabilities, which are proprietary and have reached end-of-life, and 3) a cloud-based offering that might support either or both implementation scenarios above;

(3) redesigning certain work flows and retaining outside resources to implement an “Imaging In-Box” for incoming paperwork from employers and members. SRA currently relies on a mail vendor to process and deliver mail to SRA offices, where internal staff scans incoming documents as

2012061912

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

June 19, 2012

**ATTACHMENT A**

needed. During an emergency, this vendor's services might be expanded, to also scan member and employer documents, and then hold and/or forward mail to a remote emergency operations location. SRA would develop a simple custom software solution that would permit virtual office workers to access scanned documents from home;

(4) continued progress on implementing and expanding use of a secure member and employer self-service solution.

**Expected Outcome:** A completed master plan for developing virtual office capacity for critical SRA operations.

**Timing:** For the additional planning and prioritized strategy, June 2013.

**Link to Goals:** This initiative links to all Agency goals as it will support the Agency's capacity to pay benefits, manage investments, collect and account for contributions, and communicate with all System stakeholders.

**Budget Implications:** Planning will be completed using existing resources during FY2013. Additional resources likely will be needed in future budgets to implement elements of the actual business continuity solution.

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

June 19, 2012

**ATTACHMENT A**

**EXECUTIVE DIVISION/PROJECT MANAGEMENT OFFICE – FY2013  
BUSINESS PLAN INITIATIVES**

**Project 09PM02: PLAN TO IMPROVE DATA INTEGRITY (“MPAS-2”)  
UPDATED NARRATIVE**

**Project Description:** In FY2013, the Agency plans to develop the scope of services, and subsequently seek funding, to initiate a major project to improve the integrity of member data supporting the Maryland Pension Administration System (MPAS). This is the first in a two-step process to obtain funding – first to develop the scope of work, and then to pursue the major project itself. Currently, the MPAS database contains inconsistencies and errors, along with missing certain data, resulting from nearly four decades of data collection from employers and members. Following the development of the MPAS system, which became the Agency’s system-of-record in FY11, the Agency planned to “cleanse” the database.

Services to be scoped during the planning stage may include automated and manual efforts to perform the cleansing, and development of application software that will mitigate against introducing future inconsistencies, errors, and omissions, along with software that may be used securely by members to access and use their respective data in self-service mode.

The Agency is contracting with Towson University’s Center for Applied Information Technology to assist in developing a scope of work, in a time frame to support a request for funding beginning with the FY2014 budget submission. This scope will be incorporated into procurements to be issued once the major project is approved.

**Expected Outcome:** Two deliverables will come from this effort: (1) a scope of services that will define the content and limits of efforts to improve data integrity, along with acceptance criteria, and (2) cost estimates for the major project to be used in budget submissions for future years.

**Timing:** Cost estimates to be completed by September 2012 and scope documents to be completed by November 2012.

**Links to Goals:** Improvement of data integrity, along with opening of a functional member self-service portal with access to Agency data, have long

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

June 19, 2012

**ATTACHMENT A**

been goals of the Agency. This initiative supports both these goals.

**Budget Implications:** Funding for the planning process was included in the Agency FY2012 budget and is being encumbered into FY2013 to complete this initiative.

**ADMINISTRATIVE DIVISION- FY2013 BUSINESS PLAN INITIATIVES**

**Project 13AD01:                    DESIGN AND IMPLEMENTATION OF  
ADMINISTRATIVE PROCEDURE PORTAL SITE**

**Project Description:** Design and implementation of a portal site to store approved operating procedures, calculation manuals, and other relevant shared documents. These documents will be managed using the SharePoint application which provides customizable read/write capabilities, version control, and documentation of edit/approval workflows.

As part of the design and implementation of the Administrative Procedure Portal Site, all administrative operating procedures, manuals, and other relevant shared documents will undergo a comprehensive internal review.

**Expected Outcome:** This initiative will improve internal access to shared information (procedures, calculation manuals, etc.) utilized by staff in the performance of their duties. In addition, it will also improve document control by transitioning from physical documents to online documents utilizing version control and workflows.

**Timing:** July 1, 2012 to December 31, 2013

**Link to Goals:** This initiative supports the Agency's goal to pay all retirement allowances in an accurate and timely manner.

**Budget Implications:** This initiative will be completed with existing resources and should result in no additional costs to the Agency.

2012 JUN 19 10:00 AM

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

June 19, 2012

**ATTACHMENT A**

**Project 13AD/FI02:**

**DEVELOP EDUCATIONAL WEBINARS**

**Project Description:**

The purpose of this initiative is to design 3-5 minute webinars on multiple identified topics to allow our members, retirees, employers and Retirement Coordinators to view them at their leisure. Videos would be hosted by a third-party Internet service provider, as with existing videos, and the Agency will post links to these webinars on the Agency's public website.

Currently, the Member Services Division educates our membership base and Retirement Coordinators by:

- Answering questions over the telephone;
- Recorded messages regarding "hot topics" on the Interactive Voice Recording;
- Responding to written inquiries either by e-mail or through written correspondence;
- Meeting one-on-one with members and retirees in counseling sessions either in the Baltimore office or in regional counseling sessions throughout the state;
- Presenting 100 Pre-Retirement Seminars each fiscal year;
- Conducting "special request" Pre-Retirement Seminars to accommodate County Boards of Education or other Agencies;
- Attending benefit fairs, conventions, Supplemental Retirement's financial planning seminars or other venues for educating State Employees on retirement benefits (for example, the Savings Expo);
- Updating our website with important notifications (e.g., Frequently Asked Questions);
- Distribution of newsletters - *The Mentor* and *Retiree News and Notes*;
- E-mailing Retirement Coordinator Bulletins
- Providing training manuals/guides to Retirement Coordinators; updating member Plan Handbooks.

In addition, the Finance Division has the need to provide information to the Participating Governmental Units, specifically their directors of finance and/or treasurers, and in some instances



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

June 19, 2012

**ATTACHMENT A**

personnel officers/retirement coordinators, accountants, and contractual actuaries. Webinars could be designed in order to conduct such outreach on topics including:

- New entrant process
- Withdrawal process
- Billing; employer contribution and administrative fee
- Impacts of statutory changes
- Financial reporting requirements

**Expected Outcome:**

For Benefits Administration, this initiative will result in the expansion of communication channels used for outreach to our membership as well as to our Retirement Coordinators. Through the analysis of our call dispositions, we are able to identify the aspects of retirement that generate the highest volume of questions from our membership. For example, the three topics listed below (disability, reemployment, and options) account for almost 15% of questions asked in phone conversations. In addition, audit findings suggest topics of needed re-enforcement for our Retirement Coordinators.

Our proposed topics include:

- Leave of Absence (Retirement Coordinators)
- Reporting Unused Sick Leave (Retirement Coordinators)
- Disability Retirement – Overview
- Disability Retirement – How to File
- Reemployment After Retirement
- Choosing an Allowance Option
- Retirement Coordinator Basics 1-2-3

In addition, the initiative will provide a channel of communication that lends itself to introductory/orientation topics. Two proposed topics include:

Welcome to the Employees' and Teachers' Pension System

Members prior to 07/01/11

Members on or after 07/01/11

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

June 19, 2012

**ATTACHMENT A**

Members must register to attend the Pre-Retirement Seminars. In fact, they will not be enrolled if they are outside of 8 years from retirement. We have fielded many requests to attend from members outside this window, and posting this seminar in webinar format will expand our outreach with this educational tool for retirement planning.

Pre-Retirement Seminar

The addition of webinars to our existing educational resources/tools will achieve the following benefits:

- Increased productivity by Retirement Benefits Specialists by allowing them to refer callers to a webinar for additional information regarding specific questions.
- Ability to track the number of times each webinar is viewed, i.e. "hits".
- Allows members or Retirement Coordinators the ability to view a PowerPoint presentation and listen to detailed explanation of complex issues as many times as needed for comprehension.
- Webinars can be added to the website library on an as-needed basis.
- Webinars can be easily updated due to legislation changes, etc. to insure that their content remain current.

For the Finance Division, this initiative will enable the PGU liaison staff within the division to proactively communicate relevant and frequently requested information to existing and/or potential new participating governmental units on topics that are relevant to employer participation, such as:

- Becoming a PGU
- Withdrawing as a PGU
- Summary of Impact of Legislation Changes on PGUs
- Pension Accounting and Reporting Changes
- PGU Actuarial Valuation Process "101"

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

June 19, 2012

**ATTACHMENT A**

- Financial Obligations of Participating and Withdrawn  
PGUs: Employer Contributions

The additions of such webinars will provide the following benefits some of which are similar to those identified by Administration Division:

- Increased productivity for the PGU liaison staff by being able to refer PGUs to a webinar for basic information and frequently asked questions
- Tracking mechanism for topics of great interest to the PGU community.
- Enables members to be able to have a reference document in addition to the presentation that they can refer to as often as needed.
- Shorten the time frame of the new entrant and withdrawal processes as a result of providing and explanation of the process and employer requirements in advance of the process rather than during.

**Timing:** December 31, 2012

**Link to Goals:** This initiative is directly linked to the Agency's goal in support of its Mission to effectively communicate with all retirement plan participants. In addition, we will increase our communication channels for Retirement Coordinators.

**Budget Implications:** With the webinars being produced internally, this initiative should result in minimal additional cost.

2012061912

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

June 19, 2012

**ATTACHMENT A**

**EXTERNAL AFFAIRS DIVISION - FY2013 BUSINESS PLAN INITIATIVES**

**Project: 13EA01:                    ELECTRONIC FORM CONVERSION**

**Project Description:** Working in concert with Information Systems, External Affairs will convert the most-used and requested online forms into electronically fillable versions for the convenience of our members. A bar code will also be added to each document to help with identification and indexing of the forms by Office Services.

**Expected Outcome:** Customer satisfaction should improve since this upgrade will make it easier for our members to complete agency forms. Furthermore, the accuracy of data entry should improve as a result of increased legibility that would be expected of forms submitted using this enhancement.

**Timing:** To be completed by December 31, 2012.

**Link to Goals:** The initiative furthers External Affairs' efforts to produce effective communications materials for all retirement plan participants.

**Budget Implications:** Will be accomplished using existing resources.

2013-06-19 10:00 AM