

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

August 4, 2020

The Administrative Committee meeting convened, via video/audio conference call, beginning at 3:03 p.m.

The Trustees present included:

Richard Norman, Chairman, Presiding  
Kenneth Haines, Vice Chairman

Bernadette Benik, designee for Treasurer Kopp  
Marc Nicole

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

Melody Countess

Angie Jenkins

Ken Reott

Anne Gawthrop

Van Lewis

David Rongione

Michael Golden

Kim O'Keeffe

Janet Sirkis

Ira Greenstein

Chandra Puranam

Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Trustee Tom Brandt and Public Advisor Anne Shelton; Muriel Turner, Joyce Miller and Cate Allen from the State Treasurer's Office; Robin Black, Candy Burton, Timothy Bowen and Tom Hoblitzell from Willis Towers Watson; and Brad Armstrong and Jeff Tebeau from Gabriel Roeder Smith & Co.

Minutes      On a motion made by Mr. Haines and seconded by Mr. Nicole, the Administrative Committee approved the June 2, 2020 open session meeting minutes.

On a motion made by Ms. Benik and seconded by Mr. Haines, the Administrative Committee voted to meet in a Closed Session, via video/audio conference call, beginning at 3:05 p.m. for the purposes of:

(a) receiving advice of counsel regarding Fiduciary Liability Insurance, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice.

**CLOSED SESSION**

The Trustees present included:

Richard Norman, Chairman, Presiding  
Kenneth Haines, Vice Chairman

Bernadette Benik, designee for Treasurer Kopp  
Marc Nicole

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

Melody Countess

Angie Jenkins

Ken Reott

Anne Gawthrop

Van Lewis

David Rongione

Michael Golden

Kim O'Keeffe

Janet Sirkis

Ira Greenstein

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Trustee Tom Brandt and Public Advisor Anne Shelton

On a motion made by Ms. Benik and seconded by Mr. Nicole, the Administrative Committee returned to open session, via video/audio conference call, at 3:20 p.m.

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**OPEN SESSION**

The Trustees present included:

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Kenneth Haines, Vice Chairman

Bernadette Benik, designee for Treasurer Kopp  
Marc Nicole

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

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Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Trustee Tom Brandt and Public Advisor Anne Shelton; Muriel Turner, Joyce Miller and Cate Allen from the State Treasurer's Office; Robin Black, Candy Burton, Timothy Bowen and Tom Hoblitzell from Willis Towers Watson; and Brad Armstrong and Jeff Tebeau from Gabriel Roeder Smith & Co.

Presentation  
regarding  
Fiduciary Liability  
Insurance

The Administrative Committee received a proposal from representatives of Willis Towers Watson regarding fiduciary liability insurance. Mr. Tim Bowen, of Willis, presented an overview of the insurance proposal, which outlined the insurance companies offering the insurance, levels of coverage and annual premia for each.

Mr. Bowen commented that the policy would cover Agency staff with fiduciary responsibilities and plan assets. He also commented that for a fund with more than \$20 billion in plan assets, such as the Maryland State Retirement and Pension System, that he would suggest a policy of either \$5 or \$10 million to start and that the insurance policy be analyzed each year.

Mr. Kenderdine asked Mr. Bowen to remind the committee as to whom the insurance will cover, specifically the Trustees and certain Agency staff, and with respect to the Investment Committee, if it will cover the committee's Public Advisors.

Mr. Bowen responded that the carrier would follow State statute and include the System, and anyone identified in State statute as a fiduciary, including the Public Advisors.

Mr. Bowen also reported that the coverage is triggered when a claim is made and not as of when the triggering event occurred. If a claim is filed during the coverage period, the claim would be subject to coverage under a "claims made" policy even if the triggering event occurred before coverage began. If the System chose not to renew the policy, it would need to purchase "tail" coverage or coverage will lapse when the term ends.

Board Requested  
Legislation

Ms. Gawthrop presented a document outlining the details of a legislative proposal concerning current provisions for a Fiduciary Bond for the System under § 21-210 of the State Personnel and Pensions Article. Ms. Gawthrop requested, the Administrative Committee's consideration and recommendation to the Board of

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Trustees for inclusion in its 2021 legislative proposals to the Joint Committee on Pensions (JCP).

On a motion made by Mr. Haines and seconded by Ms. Benik, the Administrative Committee approved the legislative proposal as presented, for recommendation to the Board of Trustees.

Proposed  
Amendments to  
COMAR 22.02.01  
– Option Factors  
and Annuity  
Values

Mr. Reott presented proposed amendments to COMAR 22.02.01 – Option Factors and Annuity Values. Mr. Reott reported that based upon the actuarial assumptions adopted by the Board of Trustees for use in benefit calculations and the actual experience observed by the System’s Actuary, Gabriel Roeder Smith & Co. (GRS), it is necessary to update the regulations to explain when the updated factors and values will apply to the Agency’s calculations.

Mr. Reott asked Brad Armstrong from GRS to briefly address the Committee on the function of options and annuity factors used in determining benefits.

Mr. Armstrong stated that option and annuity factors are based on individual assumptions versus group assumptions in order to avoid gender discrimination. Therefore, a unisex mortality assumption is used for members and beneficiaries. The unisex mixes for various groups {TCS, ECS, Public Safety (SP, LEOPS, CORS), Judicial, and Legislator} were chosen based on retiree elections over the past 5 years. To better protect MSRPS against adverse selection, the assumptions proposed are 6.15% interest and 2.6% inflation. The 6.15% is expected to be met or exceeded 75% of the time over a 20-year time horizon. COLA assumptions were based on rates used in the 2019 actuarial valuation and the mortality assumption was based on sample ages in 2023 (assumed midpoint of the effective period for the factors). The most recent mortality assumption adopted by the Board is based on a large-scale mortality study using exclusively public sector data for the first time. Therefore, GRS will be recommending further separation of groups. GRS will be proposing a separate set of factors for teachers, employees (excluding Legislator and CORS), Public Safety (SP, LEOPS, CORS), Judicial, and Legislator.

On a motion made by Mr. Haines and seconded by Mr. Nicole, the Administrative Committee voted to recommend that the Board of Trustees vote to submit the proposed amendments to COMAR 22.02.01 to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register, contingent upon the Board’s approval of the option and annuity factors to be presented to the Board at its August meeting.

Member Services  
Update

Mr. Reott reported that the Member Services unit was unable to meet its goals for the call abandonment rate and average call wait time for the month of June 2020. The unit’s call abandonment rate was 13.44% and the average “speed of answer” was 224 seconds for the month of June.

Mr. Reott further reported that it has been tougher on staff working remotely due to home set-up. In the office, each staff member in the call center has two monitors and a printer to be able to handle calls with optimal productivity. Mr. Reott reported that arrangements are being made so that beginning in

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September, half of the call center staff, may begin working on-site using an alternating schedule. Mr. Reott reported that there is sufficient number of offices, given the ongoing level of teleworking, to appropriately space employees out and ensure sufficient social distancing.

Mr. Norman commended Mr. Reott and his staff on working through the pandemic so effectively.

On a motion made by Ms. Benik and seconded by Mr. Haines, the Administrative Committee voted to meet in a Closed Session, via video/audio conference call, beginning at 4:06 p.m. for the purposes of:

- (b) reviewing the closed session reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function and 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., § 3-306(c)(3)(ii), requiring that minutes of a closed session be sealed and not be open for public inspection;
- (c) discussing the offset of an individual participant's retirement benefit under State Personnel and Pensions Art., § 21-113, pursuant 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
- (d) discussing the decision to recommend whether or not the Board of Trustees purchase Fiduciary Liability Insurance, pursuant to General Provisions Art., § 3-305(b)(14), to discuss, before a contract is awarded, a matter directly relating to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

**CLOSED SESSION**

The Trustees present included:

Richard Norman, Chairman, Presiding  
Kenneth Haines, Vice Chairman

Bernadette Benik, designee for Treasurer Kopp  
Marc Nicole

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

Melody Countess  
Anne Gawthrop  
Michael Golden  
Ira Greenstein

Angie Jenkins  
Van Lewis  
Kim O'Keeffe

Ken Reott  
David Rongione  
Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Other attendees included: Trustee Tom Brandt and Public Advisor Anne Shelton

On a motion made by Mr. Haines and seconded by Mr. Nicole, the Administrative Committee returned to open session, via video/audio conference call, at 4:27 p.m.

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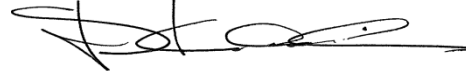
**OPEN SESSION**

During closed session, the Administrative Committee discussed and acted on the following matter:

Minutes	The Administrative Committee reviewed and approved the June 2, 2020 closed session minutes.
Purchasing Fiduciary Liability Insurance	The Administrative Committee voted to recommend to the Board of Trustees that it request the State Treasurer's Office to purchase fiduciary liability insurance.

Adjournment      There being no further business before the Committee, on a motion made by Mr. Haines and seconded by Ms. Benik, the meeting adjourned at 4:28 p.m.

Respectfully submitted,



R. Dean Kenderdine,  
Secretary to the Board