

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

February 1, 2022

The Administrative Committee meeting convened, via video/audio conference call, beginning at 9:30 a.m.

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Greg Busch	Michael Golden	Ken Reott
Melody Countess	Angie Jenkins	David Rongione
Robert Diehl	Megan Myers	Janet Sirkis
Patricia Fitzhugh	Kim O’Keeffe	Scott Bolander (live stream)
Anne Gawthrop		

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

Other attendees included: Laura Atas and Megan Schutz (Treasurer’s Office)

Call Meeting to Order/Adoption of Agenda Mr. Haines, Chairman of the Administrative Committee, having established that there was a quorum present, called the meeting to order. He asked the Committee if there were any changes to the agenda. Having heard no requests for changes by the Committee, on a motion made by Mr. Nicole and seconded by Mr. Norman, the agenda was adopted, as presented.

Minutes On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee approved the December 7, 2021 open session meeting minutes.

2022 Legislation The Committee was provided with a 2022 legislation update. Ms. Gawthrop discussed the following bills:

- House Bill 542 – State Retirement and Pension System – Investment Committee – Use of Minority Business Enterprises (MBE) (Diversity Among Asset Managers Act of 2022)

This bill would require the Investment Committee to use minority business enterprises to provide at least 20% of the brokerage and investment management services to the Board and to manage at least 20% of the assets of the several systems; and requiring the Investment Committee to assess the use of minority business enterprises as required by the bill, beginning July 1, 2022, and each fiscal year thereafter.

Ms. Gawthrop reported that staff plans to reach out the sponsor to discuss the goals he is trying to achieve through this legislation and to provide him with information regarding the Investment Committee’s current use of minority business enterprises for brokerage and investment management services for the System. Staff will also explain to the sponsor that, as drafted, the proposed legislation raises constitutional concerns.

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Ms. Gawthrop further reported that in the event the sponsor does not amend the bill to address the constitutional issues staff intends to raise with him, staff recommends that the Board oppose this legislation.

Mr. Haines asked if staff currently tracks MBE participation.

Ms. Gawthrop responded in the affirmative that staff tracks MBE participation and is required to submit a report regarding such information.

Mr. Haines asked what the percentage of MBE participation is.

Ms. Gawthrop responded that the average MBE participation increased from 7-8% to 19-20%, with reporting of 17.2% for fiscal year 2021 due to internal management.

Mr. Brandt commented that constitutional obstacles are a complex matter.

Mr. Norman asked whether the legislation would move forward if there were constitutional issues.

Ms. Gawthrop responded that if a bill found to raise constitutional issues and the sponsor is unwilling to amend the bill to address the constitutional issues, the sponsor could choose to withdraw the bill, or perhaps would want to move forward with a hearing on the bill in order to speak to the issues the bill is addressing. Ms. Gawthrop added that the Chairman of the Committee, if made aware that a bill had constitutional issues may also choose to not have the Committee move forward with the legislation.

Ms. Cohen further commented that the Office of the Attorney General reviews legislation passed by the General Assembly before it is signed into law and provides guidance to the Governor.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee approved staff's recommendation, for recommendation to the Board.

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- House Bill 486 – State Retirement and Pension System – Prorated Payment of Benefits on Death

This legislation will allow for prorated final payments of retirement or survivorship benefits at the death of a retiree or designated beneficiary of the System. This legislation would reverse Joint Committee on Pensions legislation that was introduced on behalf of the Board and enacted in 2005.

Ms. Gawthrop reported that staff will reach out to the sponsor to let him know the issues that motivated the 2005 legislation and will make a recommendation at the February Board of Trustees meeting on whether to take a position on this legislation based on the data recovered on this matter.

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- Senate Bill 231 – Correctional Officers’ Retirement System - Membership.

This legislation would require employees of the Department of Juvenile Services (DJS) who are employed as (1) a residential group life manager; (2) a youth center cook or cook lead; (3) a food service worker or supervisor; or (4) a maintenance assistant, chief, mechanic, mechanic senior, or supervisor, in State juvenile facilities, to become members of the CORS on July 1, 2022. All new employees in these positions would be members of CORS.

Ms. Gawthrop reported that this bill was deferred at the last Board meeting to allow staff and several Trustees to discuss the concerns with how the bill was drafted.

Ms. Gawthrop indicated that she met with Trustees Hill and Craddock, Mr. Noven and Ms. Cohen to discuss this bill and the issues with moving those specific Department of Juvenile Services positions from the Employees’ Pension System to the Correctional Officers’ Retirement System.

Ms. Gawthrop reported that staff was informed that the bill, as drafted, does not include the positions DJS and ASFCME were seeking to move from EPS to CORS. DJS Case Manager Specialists/Supervisors and DJS Residential Group Life Managers were the intended positions. Tax counsel has advised that the position descriptions of the intended positions appear to be similar to other positions included in CORS and therefore believes that it would be reasonable for the System not to object to the inclusion of DJS Case Manager Specialists/Supervisors or DJS Residential Group Life Managers based on tax qualification concerns. Therefore, if this bill is amended to remove current list of positions and add the case managers and residential group life managers, staff would recommend no taking any position of this legislation.

Member
Services Update

Mr. Reott provided a Member Services update, reporting that the performance rates were favorable over last year’s number with an abandonment rate of 11.45% and average call wait time of 202 seconds. Mr. Reott commented that there have been fewer calls this year (62,000) over last year (67,000). He commented that he feels comfortable saying that members are utilizing the *mySRPS* member portal to do transactions such as requesting an estimate or updating their address or beneficiary information.

Mr. Reott reported that the numbers for January may increase as it typically does, due to the issuance of the 1099Rs to payees. In addition, Mr. Reott noted that due to the Omicron variant, the call center was 100% remote working for all of January which will negatively affect the results. The 1099Rs were mailed out on January 21, 2022. Mr. Reott indicated that this was the first year utilizing the Comptroller’s office for printing and mailing of the 1099Rs and thanked them for their assistance with the processing of those documents.

Mr. Reott reported that at the time this report was generated there were two vacancies in the unit, however, currently there are six vacancies. Staff is in the various stages of the hiring process with those vacancies.

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CLOSED SESSION

On a motion made by Mr. Brandt and seconded by Treasurer Davis, the Administrative Committee voted to meet in a closed session, via video/audio conference call, beginning at 9:50 a.m., for the purposes of:

- a) Reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-301(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) regarding that minutes of a closed session be sealed and not be open for public inspection.

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Greg Busch	Michael Golden	Ken Reott
Melody Countess	Angie Jenkins	David Rongione
Robert Diehl	Megan Myers	Janet Sirkis
Patricia Fitzhugh	Kim O'Keeffe	Scott Bolander (live stream)
Anne Gawthrop		

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

Other attendees included: Laura Atas and Megan Schutz (Treasurer's Office)

On a motion made by Mr. Nicole and seconded by Treasurer Davis, the Administrative Committee returned to open session, via video/audio conference call, beginning at 9:51 a.m.

OPEN SESSION

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Greg Busch	Michael Golden	Ken Reott
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Other attendees included: Laura Atas and Megan Schutz (Treasurer's Office)

The Administrative Committee, during the closed session, acted upon the following items:

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| Minutes | The Committee reviewed and approved the December 7, 2021 closed session Administrative Committee meeting minutes. |
| Adjournment | There being no further business before the Committee, on a motion made by Mr. Brandt and seconded by Treasurer Davis, the meeting adjourned at 9:52 a.m. |

Respectfully submitted,



Martin Noven,
Secretary to the Board