

BOARD OF TRUSTEES  
FOR THE  
STATE RETIREMENT AND PENSION SYSTEM  
OF MARYLAND

MINUTES OF MEETING

March 16, 2004

The Board of Trustees for the State Retirement and Pension System of Maryland met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland beginning at 9:00 a.m. There were present William Donald Schaefer, Chairman, Nancy K. Kopp, Vice-Chair, Dr. Nancy S. Grasmick, Arthur Caple, William D. Brown and James C. DiPaula Jr. (by conference call), Carl D. Lancaster, Dr. Melissa Moye, Patrick O'Shea, Morris L. Krome, David B. Hamilton, Trustees, and, Thomas K. Lee, Secretary. Agency Staff members also attending were Margaret Bury, Retirement Administrator, Edward Senseney, Deputy Retirement Administrator, and Kenneth Reott, Deputy Benefits Director, Deborah Bacharach, Robert Feinstein, and Carla Katzenberg, Assistant Attorneys General, Margo Wheel, Chief Financial Officer, Ronda Glasgow, Human Resources, Steve Huber, Chief Investment Officer, Sherlynn Matesky and Howard Pleines, Legislation and Research, Thomas Gigliotti, Chief Internal Auditor, Joseph Coale, Public Information Officer, Gary Scribner, Chief Information Officer and Monica Bias, Executive Associate.

Also attending were Dean Kenderdine, Comptroller's Office, Howard Frelander, Treasurer's Office, Mr. Robert Palumbi, Maryland Retired Teachers' Association, Bonnie Bondura and Michael Davey, Esquire, Deborah Kostin and Michael Glushakow, Esquire, and Hermanione McCargo-Booker and Morris Lasover, Esquire.

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| Minutes   | 1 | On a motion by Major Krome, duly seconded, the Board approved the minutes of the meeting held February 17, 2004.  |
| Investment<br>Committee Report<br>and Recommendations | 2 | Mr. Arthur Caple, Chairman of the Investment Committee, reported on the meeting held March 12, 2004.<br><br>On motion made by Mr. Caple, and seconded by Major Krome, the Board adopted the motion to expand the Private Real Estate Program from the current mandate of the Eastern Time zone to a U.S. national mandate.<br><br>On motion made by Mr. Lancaster, and seconded by Dr. Grasmick, the Board adopted the motion to expand the Public Real Estate Program relating to Real Estate Investment Trusts (REITs) to a global mandate.<br><br>On motion made by Mr. Caple, and seconded by Mr. Lancaster, the Board adopted the motion to raise the portfolio mortgage debt maximum to 35% and the property mortgage debt maximum to 60% of the direct real estate program. This increased leverage will not be implemented until Staff approval based on tactical and strategic reviews of the real estate sectors, which will take place over the next few months. Comptroller Schaefer registered a nay vote. |

On motion made by Mr Caple, and seconded by Mr O'Shea, the Board adopted the motion to give staff the flexibility to manage asset allocation within 2% bands around target levels for rebalancing or tactical positioning, with timely reporting to the Investment Committee  
Comptroller Schaefer registered a nay vote

On motion made by Mr Caple, and seconded by Major Krome, the Board adopted the motion to keep the current fee schedule with Relational, eliminating the soft dollar policy and replacing it with a 7-10 basis point research fee

On motion made by Mr Caple, and seconded by Mr O'Shea, the Board agreed to add PIMCO to the watch list because of a lawsuit brought by the State of New Jersey against PIMCO

On motion made by Mr Caple, and seconded by Mr Lancaster, the Board adopted the motion to establish emergency procedures to terminate managers by (1) establishing a conference call with the Trustees and the three investment advisors, and (2) authorizing staff access to State Street, BGI, Goldman Sachs, and Morgan Stanley as transition providers Staff is to provide written details related to the existing contract prior to the discussion with the Trustees and investment advisors

Mr Caple noted that Mr Huber reviewed his market overview handout and Tactical Valuation Analysis with the Investment Committee and expressed his view that the equity markets are currently over-valued

Mr Caple stated that EnnisKnupp had reviewed their State Street risk mitigation memorandum It was suggested that the System look at providers other than State Street Bank for indexation and transition management

Mr Caple also stated that EnnisKnupp had reviewed their Public Disclosure of Private Equity Portfolio Information memorandum Staff is to report at the April meeting on (1) a request from Adams Street Partners for the System to sign a Private Equity Confidentiality Agreement and (2) a proposed Private Equity Confidentiality Policy

On motion made by Mr Caple, and seconded by Dr Grasmick, the Board voted unanimously to meet in Executive Session to consider various investment matters The Board agreed to meet in Executive Session to consider the investment of public funds pursuant to State Govt Article Section 10-508(a)(5) and to discuss the awarding of a contract pursuant to State Govt Article Section 10-508(a)(14)

## EXECUTIVE SESSION

The Board met in Executive Session at 9 12 a m in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider investment matters. All of the persons present at the beginning of the meeting were present in Executive Session except Carla Katzenberg, Ronda Glasgow, Bonnie Bondura, Michael Davey, Deborah Kostin, Michael Glushakow, Morris Lasover and Ms. Hermanione McCargo-Booker and Robert Palumbi. The Board adjourned its Executive Session at 9 18 am and returned to regular session to complete the agenda.

## REGULAR SESSION

On motion made and duly seconded, the Board voted to ratify actions taken in Executive Session.

The Board accepted Mr. Caple's report.

Administrative 3  
Committee Report  
and Recommendations

Major Morris Krome, Vice-Chairman of the Administrative Committee reported on the meeting held March 2, 2004.

Major Krome reported on a discussion with several Medical Board members, Drs. Fahey, Russell and Wiedman, who detailed the difficulties involved in determining causation for disability cases when a pre-existing condition is involved. Major Krome noted that the Medical Board hears more cases related to degenerative diseases than those that reach the Board on appeals. The Committee, the doctors and staff generally agree that the decisions made by the Medical Board are correct. As confirmation of this statement, 22 cases were appealed during a recent 6-month period, the Board only overturned three decisions.

Major Krome stated that the Committee had discussed a draft for a performance evaluation of the Board with Mr. Tom Iannucci from Cortex. Suggestions made by the Committee are being incorporated into a revised draft for the April meeting of the Administrative Committee. Also, Ms. Bacharach will determine whether documents and discussions related to the self-evaluation are public information.

On motion made by Major Krome, and seconded by Mr. O'Shea, the Board adopted the motion to uphold the Executive Director's recommendation to deny Mr. John Danaher's request to purchase 28 months of contractual employment at employee costs only. Based on state law, the purchase of service is 50% of full cost.

On motion made by Major Krome, seconded by Mr. Caple, the Board adopted a motion to approve the amended regulation relating to the election of Trustees (Title 22 03 01 02).

Major Krome also noted that the Retirement Agency is investigating use of the Internet and interactive voice response systems for voting in trustee elections. Additional discussions are to be held at the April meeting after several of the Trustees obtain information on these ideas from the various employee organizations.

On motion made by Major Krome, seconded by Treasurer Kopp, the Board adopted a motion to approve the amended regulation relating to Domestic Relations Orders (DROs) as well as two suggested models for domestic relations orders. Mr. Lee also noted that the Department of Budget & Management had approved reclassifying a legal aide position to staff attorney to increase the expertise related to processing DROs.

Major Krome indicated that Mr. Hamilton had raised questions related to indemnification for Trustees when acting in their fiduciary capacity. While there is evidence that the State provides more coverage than Directors' and Officers' Insurance might provide, Mr. Lee stated that the Agency will obtain more information regarding purchased insurance including the actions of other states, and report at the April Administrative Committee meeting.

On motion made by Major Krome, and duly seconded, the Board adopted a motion to take the following position on 2004 legislation:  
Support HB1057 State Retirement and Pension System - Administration - Simplification  
No position HB1027/SB804 Law Enforcement Officers' Pension System - Transfers of Members of the Maryland Transit Administration Police Force, HB1060/SB747 Teachers' and Local Employees' retirement Enhancement Act of 2004, HB1095/SB548 State Retiree Health Care Protection Act, HB1125 Task force on the Exemption of Law Enforcement Officers' Pensions from Taxation, HB1153 Retirement and Pensions - Reemployment of Retirees, HB1254 Retirement and Pensions - Reemployment of Retirees, and HB1255/SB504 Law Enforcement Officers' Pension System - Membership - Salisbury Fire Department, and, HB1525/SB929 Law Enforcement Officers' Pension System - Membership - Maryland Forest and Parks Service Managers.

Major Krome noted that Ms. Bury had informed the Committee of major payroll problems with the Prince George's County Board of Education. Data submitted from last year is faulty and will require the recalculation of benefits. Staff continues to work with the County, which will be responsible for notifying members of the problem and developing automated solutions to correct the faulty data. Mr. Lancaster asked that the minutes reflect that the school system, and not the teachers, was responsible for these errors. Dr. Grasmick asked that the minutes note that an audit of Prince George's Board of Education identified ten serious material weaknesses in their accounting and payroll, and that this information had been reported to the General Assembly. Shown as Exhibit A.

The Board accepted Major Krome's report.



Executive  
Director's Report

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Mr Thomas Lee advised the Board that he was to attend a meeting of Council of Institutional Investors with several Trustees. As part of this meeting, they would be discussing corporate governance and would report back to the Board.

Two retirees have obtained the necessary signatures to be placed on the ballot for the Employees' Systems elected retiree position. Mr John Douglass and Mr William Kahn.

The budget hearings are complete for the Agency. Five million dollars was cut, but a budget amendment may be requested in FY05. Funding for 5 PINs (\$385,000) was also cut, but the PINs were saved. Finally, travel expenses were reduced \$41,000.

The Board accepted Mr Lee's report.

(Information)  
Legislative Report

5

Mr Pleines reported on pension legislation as part of the Administrative Committee Report.

Bonnie Bondura

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The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Bonnie Bondura for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Michael Davey, attorney for Ms Bondura, and Ms Bondura appeared before the Board and opposed the Agency's position and the Administrative Law Judge's recommendations. Carla Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. At the request of the Chairman and other Board members, the Board agreed to hold this appeal open pending the receipt of information related to earlier workers' compensation claims that were not in the record.

Deborah Kostin

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Mr Thomas Lee and Dr Nancy Grasmick recused themselves from this case and left the room. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Deborah Kostin for accidental disability benefits. The Administrative Law Judge's report and all related documents submitted by the parties were presented.

Michael Glushakow, attorney for Ms. Kostin, and Ms. Kostin appeared before the Board and opposed the Agency's position and the Administrative Law Judge's recommendations. 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 Executive Session.

Hermanione McCargo-Booker 8 Mr. Thomas Lee and Dr. Nancy Grasmick returned. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Hermanione McCargo-Booker for accidental disability benefits. The Administrative Law Judge's report, a report by the Medical Board and all related documents submitted by the parties were presented.

Morris Lasover, attorney for Ms. McCargo-Booker appeared before the Board and opposed the Agency's position and the Administrative Law Judge's recommendations. 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 Executive Session.

Medical Board Reports 9 On motion made by Major Krome, and duly seconded, the Board accepted the reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants.

Supplemental Medical Board Reports 10 On motion made by Mr. Hamilton, and duly seconded, the Board unanimously voted to accept the supplemental reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants. The Supplemental Report of the Medical Board is shown as Exhibit B.

On motion made and duly seconded, the Board voted unanimously to meet in Executive Session to consider the disability appeals. State Govt. Article, Section 10-503(a)(1)(iii) authorizes the Board to meet in closed session to exercise a quasi-judicial function.

#### EXECUTIVE SESSION

The Board met in Executive Session at 11:18 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider the appeals of Bonnie Bondura, Deborah Kostin, and Hermanione

Executive Session for discussion of the appeals except James C DiPaula Jr , William D Brown, Robert Feinstein, Carla Katzenberg, Sherlynn Matesky, Steve Huber, Gary Scrbner, Thomas Gigliotti, Robert Palumbi, Margo Wheel, Ronda Glasgow, Kenneth Reott, Edward Senseney, Bonnie Bondura, Michael Davey, Deborah Kostin, Michael Glushakow, Hermanione McCargo-Booker, and Morris Lasover The Board adjourned its closed session at 11 32 a m and returned to regular session to complete the agenda

### REGULAR SESSION

On motion made and duly seconded, the Board voted to ratify actions taken in Executive Session

Bonnie Bondura The Board considered the appeal of Bonnie Bondura Following a discussion, at the request of the Chairman, the Board agreed to hold this appeal pending additional information related to several workers' compensation claims that were not part of the record

Deborah Kostin The Board considered the appeal of Deborah Kostin Following a discussion, a motion made by Mr O'Shea seconded by Treasurer Kopp, the Board voted to adopt the Administrative Law Judge's report and deny Ms Kostin's request for accidental disability Dr Grasmick abstained from voting on Ms Kostin's appeal

Hermanione McCargo-Booker The Board considered the appeal of Hermanione McCargo-Booker Following a discussion, a motion made by Treasurer Kopp, seconded by Mr Hamilton, the Board voted to adopt the Administrative Law Judge's Proposed Decision and deny Ms McCargo-Booker's request for accidental disability benefits

Other Business 11 On motion made by Treasure Kopp, and duly seconded, the Board voted to accept the Minutes of the February 17, 2004 closed session

Major Krome requested that staff prepare a report on the investment responsibilities the System and the Board have, concerning the Mass Transit Administration He indicated that few members of the Board are familiar with the requirements of pension law and that the Board invest pension funds on behalf of the MTA

There being no further business before the Board, the meeting adjourned at 11 42 a m

Respectfully submitted,

  
Thomas K Lee  
Secretary to the Board

TKL/mcb

ADMINISTRATIVE COMMITTEE  
OF THE  
BOARD OF TRUSTEES  
STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND

MINUTES OF THE MARCH 2, 2004 MEETING

The Administrative Committee met on Tuesday, March 2, 2004, beginning at 9:00 a.m. in Room 114 of the Department of Agriculture, Annapolis, Maryland.

Mr. William Brown, Chairman, Major Morris Krome, Vice-chairman, Mr. Howard Freedlander, representing Treasurer Kopp, and Mr. David B. Hamilton were present. Also present were Mr. Thomas K. Lee, Executive Director, Ms. Margaret Bury, Retirement Administrator, Ms. Deborah Bacharach, Ms. Rachel Cohen, Ms. Jill Leiner, Ms. Margo Wheat, Ms. Jeannie Abramson, Mr. Gary Scribner, Mr. Rich Gawrych, Mr. Tom Iannucci (Cortex), Ms. Hillary Davis, attorney for Mr. John Danaher, and Mr. Howard Pleines. Attending from the Medical Board were Dr. John Fahey, Dr. William Russell, and Dr. Alfred Wiedman.

The Administrative Committee discussed the following matters:

- A. Minutes of the Administrative Committee held February 3, 2004**  
The minutes of the February 3, 2004 Administrative Committee were accepted.
- B. Administrative Fees**  
The administrative fees as of January 31, 2004 were accepted.
- C. Discussion of Impact of Degenerative Conditions Including Overview of the Disability Process**

Ms. Jill Leiner began the discussion of disability retirement processing, noting that the Board of Trustees has for some time been concerned with cases involving degenerative, or pre-existing conditions. Many times cases brought to the Board on appeal seem to not fully take into account degenerative disease that has been exacerbated by an accident.

Ms. Leiner reminded the Trustees that the Board actually hears appeals on a small percentage of the total disability cases heard. The Medical Board approves some claims that involve degenerative conditions. Ms. Leiner continued by stating that before the appeal comes to the Board, a disability claim goes through a series of thorough reviews. The claimant always is advised to submit as much medical evidence as is available to support the claim (doctor's notes, x-rays, MRI results, hospital reports, etc.). Staff examines the information several times, and the Medical Board also may review several



times. An independent medical examination (IME) may be requested. Before a hearing at the Office of Administrative Hearings, legal staff reviews the information. The OAH hearing may last several hours or several days. Ms. Leiner stated that throughout this process, every effort is made to determine if the medical evidence supports the claim that the disability was caused by an accident. If such evidence or additional evidence is found, it is likely that the Medical Board would approve the claim. But, Ms. Leiner noted there must be objective evidence for the Medical Board to make its finding for approval.

Dr. Fahey spoke for the members of the Medical Board who were present. He noted that the Medical Board must look at the total picture, that is, review all the medical documentation available, the same as if they were examining a patient. The Medical Board needs a clear history, both before and after the accident. The doctors are examining the severity of the accident as well as the pace of the degenerative disease. They must also take into account other factors, such as age, job satisfaction, problems outside work, etc.

Dr. Fahey stated that there can be no solution that will eliminate all difficult, questionable cases. These are judgment calls, which Dr. Fahey believes the Medical Board makes correctly 99% of the time.

Major Krome suggested that most if not all individuals have degenerative conditions as they age. Therefore, there is a built-in disadvantage to the older employee who does not take sick leave, is injured in an accident, and seeks disability. It appears that the longer one works, the less likely the disability would be granted.

Dr. Wiedman noted that the Medical Board must rely on objectivity, on the medical evidence presented. He stated, however, that the human side enters into the discussions during the Medical Board's deliberations. Dr. Russell added that if there are questions, that is when the IME is very helpful in obtaining specific answers to the Medical Board's questions. The door is always open to altering a decision if new information is obtained.

Mr. Brown asked how many cases the Board had overturned recently. Mr. Lee noted that of 22 cases heard during a 6-month period beginning September 2003, the Board rejected OAH findings 3 times (see attached chart).

On behalf of the Administrative Committee, Mr. Brown thanked Drs. Fahey, Russell, and Wiedman for taking their time to discuss this issue with the Committee.

**D Cortex Discussion Guide - Performance Evaluation of the Board of Trustees**

Mr. Lee advised the Administrative Committee that part of the Cortex fiduciary audit involved the development of a performance evaluation for the Board of Trustees. Through this process it is believed the Trustees can enhance their knowledge on how meetings are to be held as well as identify educational needs.

Mr. Tom Iannucci from Cortex noted that several states (Colorado, Louisiana, Missouri, and California) perform these self-evaluations. If Maryland begins this process, it will be in the forefront of corporate governance. Mr. Iannucci indicated that the discussion guide for the performance evaluation by the Board prepared by Cortex is to provide a

periodic, non-threatening opportunity to engage in self-review. The goal is to keep the evaluation forms from being too lengthy or too complicated, which tends to reduce participation in the process.

Mr. Freedlander asked who validates the performance evaluations. Mr. Iannucci responded that some systems have Cortex process the validation data, but that decision is the Board's prerogative. Mr. Iannucci stated that to meet the Board's timeline, a summary of findings should be completed in May and brought to the Board at its June meeting for a discussion of those findings in a closed session. The summary of findings then could be included in the minutes.

Mr. Hamilton asked if the valuation provided for a "boilerplate" analysis. Mr. Iannucci noted that there are general questions utilized as a starting point, but the Board should tailor the evaluation, as it deems appropriate. It is meant to be a document that can be reshaped and expanded by the Board.

The Committee asked Ms. Bacharach to review what portion of the discussions pertaining to the self-evaluation could become public information. Mr. Iannucci was asked to incorporate some of the member's comments involving vendors, expanded committees and external relationships in the evaluation. This discussion is to be continued at the April meeting.

**E. John Danaher – Request to Purchase Service**

Ms. Bury advised the Committee that Mr. Danaher had requested to purchase 28 months of service for the period July 28, 1998 through June 10, 2001, during which he claimed that he was a permanent employee of the State. He contends that as a result of a successful personnel appeal, he was reinstated to his State position and, therefore, entitled to purchase any missed service credits that resulted from the improper termination at employee cost – missed employee contributions with 5% interest.

Ms. Bury explained that the Retirement Agency does not determine employment status. Based on personnel records maintained by the Department of Budget and Management, the Agency verified that Mr. Danaher was a contractual employee during the period in question. Additionally, his employer, the State Board of Elections confirmed that Mr. Danaher was a contractual employee during this time period. By law, therefore, he must purchase the missing service at 50% of full cost at the time of his retirement.

Ms. Hilary Davis, Mr. Danaher's attorney, argued that her client was a permanent employee whose personnel records showed no break in service. His termination was found improper and he was reinstated. This should include permitting him to purchase the missed service at employee costs only. She also noted that her client is appealing to the courts to conclude that he was a "permanent" employee during the period in question and eligible for retirement service.

**Recommendation**

**The Administrative Committee recommends that the Board uphold the Executive Director's recommendation to deny Mr. Danaher's request to purchase 28 months of service credits at employee cost only.**

**F. Regulation – Board of Trustees Elections**

Ms Bury explained that Chapter 403 of the Laws of 2003 altered the makeup of the Board of Trustees, changing the number of elected trustees for the State Police Retirement System and requiring that one of the trustees for the Teachers and Employees' Systems be a retiree. Therefore the regulation on the election of Trustees must be amended to conform to this legislative change.

**Recommendation**

**The Administrative Committee recommends that the Board approve regulation 22.03.01.02, Election of Trustees as amended.**

**G Future Direction for Conducting Trustee Elections**

Ms Bury presented information regarding the direction for conducting future Trustee elections. The Senate Budget and Taxation Committee had previously characterized the expenses incurred by the Retirement Agency as "excessive", expressing the need to reduce the \$100,000+ cost per election. Ms Bury explained that the majority of the cost for Trustee elections centered on mailings - the cost of postage for paper ballots that are mailed to eligible member/ retiree voters and those ballots returned (approximately 19%) to an independent contractor for validating and counting.

Staff is recommending that future elections continue to be handled by an independent contractor to assure complete impartiality. Ms Bury noted that staff also is seeking approval to reduce using individual mailed ballots and instead utilize the Internet and an automated voice response system for voting. The Agency would notify members through website information, check messages, automated news bulletins and ads in local newspapers to inform them about the election and how to vote.

Mr Brown requested that the Committee defer this issue to next month in order for the Trustees to get feedback from employee organizations. The committee agreed to Mr Brown's request.

**H. Domestic Relations Orders**

Ms Bacharach reviewed the Board of Trustees regulations on Domestic Relations Orders (DRO's). She explained that divorce orders can be very complicated and the Retirement Agency receives many that are contrary to pension law that must be reworked or amended. Legal staff reviewed the various orders being received, the existing regulations and the current procedures involving DROs.

The results are that legal staff is recommending (1) amended regulation, and (2) two model Domestic Relations Orders (one for members and one for retirees) to clarify the process for members or retirees, their attorneys, and Retirement Agency staff.

**Recommendation**

**The Administrative Committee recommends that the Board approve the amended Domestic Relations Orders regulations and the two suggested model Domestic Relation Orders.**

**I. Indemnification Proposal – Judgments and Attorney Fees**

Mr Hamilton had requested that the Committee consider the following proposal: "With respect to any administrative or criminal proceeding or civil action or investigation, the

State Retirement Agency shall indemnify its Trustees to the fullest extent permitted by the laws of the State of Maryland now and hereafter in force, including the advance of expenses under the procedures provided by such laws for such expenses but not limited to counsel for any Trustee chosen by each Trustee at his or her own discretion " Mr Hamilton noted that he believed that those who serve on public boards, like those who serve on corporate boards, should have full protection from various legal actions that may be taken against them for their services to the public

Ms Bacharach indicated that Trustees may be personally liable for actions that breach fiduciary responsibilities, but pension law provides broad indemnification if a trustee is threatened or made party to an action involving the Trustee's services as a fiduciary The State may reimburse for certain legal expenses (Board of Public Works reacts to outcomes), but it is unlikely that an advance may be obtained

Mr Lee suggested that the Agency obtain more information on this topic related to actions in other states and report back to the Administrative Committee at a future meeting

**J. 2004 Legislation Update**

Mr Pleines presented staff recommendations on position for the following bills, HB1027/SB804 Law Enforcement Officers' Pension System – transfers of Members of the Maryland Transit Administration Police Force, HB1057 State Retirement and Pension System – Administration – Simplification, HB1060/SB747 Teachers' and Local Employees, Retirement Enhancement Act of 2004, HB1095/SB548 State Employees – State Retiree Health Care Protection Act, HB1125 Task force on the Exemption of Law Enforcement Officers' Pensions from Taxation, HB1153 Retirement and Pensions – Reemployment of Retirees, HB1254 Retirement and Pensions – Reemployment of Retirees, and HB1255/SB504 Law enforcement Officers' Pension System – Salisbury Fire Department

The Committee accepted the staff recommendation to support HB1057 (Board requested) and agreed to take no position on the additional bills presented above Because of time constraints, the Administrative Committee's recommendations on these proposals are to be issued to the remaining members of the Board for their comments and approval prior to the March Board meeting

**Recommendation**

The Administrative Committee recommends that the Board accept staff recommended positions on the above referenced bills.

**K. Other Business**

Ms Bury advised the Committee members that the Retirement Agency recently identified several payroll reporting errors involving the Prince George's' County Board of Education The County recently has initiated a new payroll system last May that created reporting problems, resulting in (1) overstated annual salary amounts, (2) understatement of standard hours worked for part-time employees, (3) incorrect employee contributions if salary rates increased or decreased, and (4) decreased actual and annualized salary rates

Ms. Bury indicated she had met with representatives of the Board of Education regarding these errors. She notified them that she would not process estimates or final retirements without the Board of Education's specific certification of employment and salary information for each individual. Furthermore, she directed the Board of Education to determine automated solutions to the problems that the Retirement Agency identified. Ms. Bury is to meet with the County again on March 9.

**L. Adjournment**

There being no further business, Mr. Brown adjourned the meeting at 11:10 a.m.

  
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J. Howard Pleines