



MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM

OCTOBER 28, 2020

BOARD MEETING



AGENDA

- Approval of Minutes
- Chair & Executive Director Reports
- Audit/Finance Committee Report
- New Business/Public Comment
- Closed Session
- **Note:** Because this Regular Meeting of the MSBRS Board of Directors is being held by remote means, it is not logistically feasible to alert the public in attendance at the Open Session when the Board adjourns from the Closed Session and returns to Open Session. Therefore, the Board intends to adjourn the Regular Meeting during the conclusion of the Closed Session and will not return to Open Session following the Closed Session. The minutes of the next Open Session of the MSBRS Board of Directors will include all information required to be disclosed pursuant to GP §§3-306(c)(2) and 3-104, and such minutes will be publicly available on the MSBRS website (www.marylandsaves.org) once the MSBRS Board of Directors have approved such minutes.



APPROVAL OF MINUTES FROM PRIOR BOARD MEETING

☐ December 11, 2019



Maryland\$aves

11350 McCormick Road
Executive Plaza III, Suite LL12
Hunt Valley, MD 21031

marylandsaves.org
(410) 403-2782

Maryland Small Business Retirement Savings Board

DRAFT FOR REVIEW & APPROVAL

Board Meeting Minutes December 11, 2019

Location: TEDCO Offices, 7021 Columbia Gateway Drive, Suite #200, Columbia, MD 21046

Board Members Participating:

Josh Gotbaum, Chair
Treasurer Nancy Kopp
Sec. Tiffany Robinson
Kathy Davis
Paul Green

Sarah Mysiewicz Gill
Marianne Mattran
Sen. Jim Rosapepe
Kathleen Kennedy Townsend

Absent: Del. Benjamin Brooks, Lou J Hutt, Jr.

Staff: John Wasilisin, Glenn Simmons, Stephanie Davis.

Others in Attendance: Phillip Anthony (Dept of Legislative Services), Tammy Bresnahan (AARPM), Terry Cavanagh (SEIU), Andrea Feirstein (AKF), Michael Harrison (DOL), Lisa Massena (Ascensus), Sarah Price (MD Retailers Assoc.), Kimberly Shiloh (Del. Ben Brooks office).

The Chair called the meeting to order at approximately 9:40 AM.

1. Approval of Minutes

September 9, 2019 minutes were approved.

2. Chair's Report

Chair Josh Gotbaum introduced DOL Sec. Tiffany Robinson and welcomed her to the Board. He then gave an update on the Secure Act and the progress of other state programs. Mr. Gotbaum and Mr. Wasilisin met with Sen. Ben Cardin in September and asked him to consider including the state IRA programs for retirement tax benefits. Sen. Cardin indicated he would consider this amendment when the next SECURE Act bill was being discussed. Treasurer Kopp requested that a copy of the Boston College study be dispersed to Board members.

3. Executive Director Report

John Wasilisin discussed the Program Design Committee's progress since the September Board meeting. He also announced that, after a solicitation, Aon Hewitt was selected as the Investment Consultant for the Program. Mr. Wasilisin summarized a series of meetings with prospective Program Administrators and Investment Managers in anticipation of the upcoming RFP. Mr. Wasilisin reviewed unbundled (vendors proposing individual services only) vs bundled (vendors proposing combined services) RFPs and the Board approved the bundled approach.

4. Committee Reports

a. Program Design Committee

Chair Sarah Mysiewicz Gill summarized the approach the Committee took to develop a program design for Maryland\$aves. The recommended program design includes the following features:

- Program Goals
 - Offer a default program that provides cost-effective retirement security & lifetime income if possible.
 - Minimize burden on Employer by providing easy-to-use auto-payroll deductions while transferring communications & legal responsibilities from employers to Maryland\$aves.
 - Providing portability by allowing the Account, which is owned by the employee, to transfer from job to job.
 - Incenting Employer participation by waiving the \$300 State Annual Report filing fee
- Program Savings Defaults
 - 5% initial default contribution rate, 1% auto-escalation with a maximum 10% contribution rate.
 - Roth IRA account (optional traditional IRA account will be explored)
 - Emergency Savings Account: First \$1,000 goes into an Emergency Savings Account for unexpected expenses.
 - Target Date Fund that retains a substantial growth component through retirement.
- Program Savings Options
 - Capital Preservation, Income Funds, Growth Funds
- Investment Principles
 - Low Cost
 - Ease of Use
 - Limited investment options
 - Highest ethical standards
- Retirement Options
 - Monthly payout option
 - Social Security Maximization ("Bridge") option

The Board voted unanimous approval of the program design concept pending final review of the program design document. This document was sent to each Board members and received unanimous approval.

b. Audit and Finance Committee

Chair Kathy Davis reviewed 3rd quarter monthly financials and John Wasilisin reviewed the budget-to-actual report. The Program's banking relationship is in the process of moving to Fulton Bank from M&T bank.

Minutes, Meeting of December 11, 2019

Maryland Small Business
Retirement Savings Board

5. New Business/Public Comment

None.

The meeting was adjourned at 11:18 AM.



CHAIR'S REPORT

HON. JOSHUA GOTBAUM




EXECUTIVE DIRECTOR'S REPORT

JOHN WASILISIN



AUDIT/FINANCE COMMITTEE REPORT

JOHN WASILISIN



Maryland\$aves Board members,

Unfortunately, I will not be able to join you on October 28 for our Board meeting due to a previously scheduled commitment. However, I wanted to share with you a summary of activities from the Audit/Finance Committee since we last met as a full Board:

1. The Committee has met regularly (Feb, June and Sept) in 2020 to review the monthly financial reports for MD\$AVES. This review includes the monthly financial reports from our accounting firm, the monthly Budget vs Actual reports and any other items from the Committee members (Kathy, Nancy, Lou and Josh). I am comfortable with the financial status of our operations.
2. MD\$AVES completed and submitted to the State our CY2019 audit prior to the August 1 deadline. The Committee reviewed the draft audit before its submission. The full Board approved the audit report on July 24. It was an unqualified opinion-there were no findings or questioned costs.
3. The draft FY21 budget will be presented to the Board at the 10/28 meeting. The Committee has reviewed this draft budget and recommends approval to the full Board. John will provide more details at the Board meeting.
4. The Committee revised the Fiscal Expenditure Approval Thresholds to better reflect the frequency and pattern of processing invoices for payment. The Committee recommends approval to the full Board. John will provide more details at the Board meeting.

I am excited that our program is moving forward and I look forward to getting a full briefing from staff upon my return.

Thank you.

Kathy Davis, Chair

Audit/Finance Committee

MD Small Business Retirement Savings Program FY21 Draft Budget

		FY20	FY21	FY20/FY21	
		Expenditures	Budget	\$ Change	% Change
<u>Program Development</u>					
	Program Consultants	225,000	300,000	75,000	33%
	Program Marketing	23,017	200,000	176,983	769%
Total Program Development		248,017	500,000	251,983	102%
<u>Personnel</u>					
	Wages	310,000	388,750	78,750	25%
	Benefits	89,529	111,800	22,271	25%
	Performance Comp Adjustments	15,663	95,000	79,337	507%
Total Personnel		415,192	595,550	180,358	43%
<u>Office/Other Expenses</u>					
		24,940	29,600	4,660	19%
<u>Professional Services</u>					
	Legal	46,424	150,000	103,576	223%
	Accounting	4,785	6,000	1,215	25%
	Payroll Processing	1,075	1,400	325	30%
	Audit	19,020	14,000	(5,020)	-26%
	Tech Support	4,394	5,000	606	14%
	Internet/Phone	3,284	3,600	316	10%
	D&O Insurance	17,925	18,500	575	3%
	Office Insurance	901	950	49	5%
Total Professional Services		97,808	199,450	101,642	104%
Totals		785,957	1,324,600	538,643	69%

Budget Summary FY18-FY21

State Loans (FY18-20)	2,204,800
Total Expenses (FY18-20)	1,205,307
Cash on Hand 6/30/20	999,493
State Loan (FY21)	900,000
Cash on Hand 7/1/20	1,899,493
FY21 Projected Expenditures	1,324,600
Cash on Hand 6/30/21	574,893

FISCAL EXPENDITURE APPROVAL THRESHOLDS (9/18/20)

Approval Level	Current (approved by Bd 6/12/19)	Approved by A/F Com 9/18/20
CEO/Exec. Director	up to \$5,000	up to \$40,000
Audit and Finance Committee Chair	\$5,001-\$25,000	NA
Board Chair (with notice to the Ex. Com.)	NA	\$40,001 - \$100,000
Executive Committee	\$25,001 - \$100,000	NA
Board	> \$100,000	> \$100,000



NEW BUSINESS/PUBLIC COMMENT



CLOSED SESSION

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