

THE STATE TRANSPARENCY AND ACCOUNTABILITY REFORM (STAR) COMMISSION

**State Transparency and Accountability Reform (STAR) Commission Meeting
March 15, 2021**

10:00 AM

Held via Zoom and Live Streamed on

www.governor.maryland.gov/star-commission

Minutes

Chairman of the STAR Commission, Andy Serafini, begins the meeting at 10:00 AM

Chairman Serafini takes roll

- Secretary David Brinkley (Dept. of Budget and Management) is not currently present, but does join meeting
- Rhonda Ray (Managing Director, Dept. of Commerce) is present
- Michael Harrison (Policy Director, Dept. of Labor) is present
- Secretary Jeannie Haddaway-Riccio (Dept. of Natural Resources) is present
- Bobbie James (Senior Advisor, Maryland Dept. of the Environment) is present
- Commissioner Kathleen Birrane (Insurance Commissioner, Maryland Insurance Administration) is present
- Delegate Marc Korman (Speaker of the House) not currently present but does join the meeting
- Senator Brian Feldman (President of the Senate) is present
- Delegate Kathy Szeliga (Minority Whip, House Republican Caucus) is present
- Senator Addie Eckardt (Senate Republican Caucus) is present
- John Williams (CEO, Jamison Door; Univ. of Maryland Medical System, Conflict of Interest Subcommittee Chair, Member of Audit and Compliance Committee, Ethics) is present
- Karen Strylo (Maryland CPA Legislative Committee Member, Financial) is present
- Dr. Linda L. Singh (PMP, PCC, Major General (retired), Public) is not currently present, but does join meeting

Chairman Serafini entertains a motion from John Williams to approve minutes from the last meeting, held February 15, 2021. Seconded by Senator Addie Eckardt.

Michael Peregrine, from McDermott Will & Emery LLP, a lawyer and expert in corporate governance and structure, is first to present

- Peregrine begin by emphasizing the importance of defining goals and objectives when talking about a quasi-state organization that serves multiple groups
 - It is crucial to determine what the agency goals are and maybe even develop a checklist of what we want to see covered in an agency charter
- Peregrine advises the committee to look at Commonsense Principles made by Warren Buffet and others and the Business Roundtable Statement of Principles in order to gain guidance on ethics and proper structural procedures
- He continues by describing what constitutes the ideal size of an executive board - boards that are so big are not good, boards that are too small are not good, somewhere in the middle is ideal
- He also emphasizes the fact that the majority of the board members should be independent of senior management in order to ensure that there is no chance for any conflicts of interest to arise
- He also explains the importance of balancing off-boarding and on-boarding in order to ensure boards are doing enough and fulfilling their roles but also have enough time to fulfill these roles thoroughly
- He explains that well functioning boards mean spending more time on agenda preparation - agendas should reflect the values of the entity and have room for risk and compliance evaluations and corporate integrity evaluations
- He also advises the committee to ask agencies about advisory structure
 - What are the roles of each chair?
 - Is there succession planning?
 - How do the boards report to their constituents?
 - Are their external organizations that are involved in board creation?
- Peregrine then asks for questions
- Sen. Feldman asks if there is a sweet spot for term limits
 - Peregrine explains that there is no best practice for term limits and that each agency must be observed and evaluated individually, however, turnover is always important to achieve diversity of people and ideas
 - 9-12 years tends to be the average for executive turnover. He is concerned when a director or board member serves more than 12 years
 - If you don't want to have term limits, then an effectiveness evaluation should be performed
- Sen. Eckardt asks what methods of recruitment work the best for finding the right people to fill board positions
 - Peregrine explains that effective recruitment representative of the desired profile is often
 - It is problematic that it's a seller's market for boards. May have to utilize individuals who are on multiple boards
 - All-star board with big names does not equate to board effectiveness

- Commissioner Birrane notes that boards often struggle to balance oversight and not micromanaging management. What is the dynamic with what we expect boards to do versus management?
 - If the board is perceived to be out of the loop, it will not be an acceptable response if an issue arises.
 - Need to have clearly delineated roles for management and governance - look at it from three tiers - 1) Day-to-day management that does not require board approval/awareness. 2) Items that can be acted on and do not need approval, but the board needs to receive a report. 3) Items that require board approval

At this time, Chairman Serafini notes that Secretary Brinkley, Delegate Korman, and Dr. Singh joined the meeting.

Commission member Dr. Linda Singh speaks next about her experience as interim executive director and CEO of Maryland Technology Development Corp. (TEDCO) and explains the following:

- Tenure needs to be staggered in order to preserve stability, knowledge and continuity - there needs to be a set number of committees and governance is one of those committees that is absolutely necessary
- The committee must determine - What are the internal controls that management has set up to be able to manage day to day business? - Internal controls that manage financials and people are incredibly important to agency function
- The committee must also identify growth strategy and determine whether this strategy and talent management acquisition programs match. Need to be able to manage and grow talent.
- Strategic plans are a function of the board and senior leadership, and it sets the direction and focus of the entity. Performance metrics and outcomes are important to ensure that benchmarks are being met - strategic plan is not effective if it is not followed.
- Problematic when board members are not fully committed to serving the board and entity. Should be more selective of board members and educate them on what the board functions and roles are.
- Need to understand the entity's relationship with the state and legislators.
- As the entities were created and have grown, they have had responsibilities added that may or may not be within their original missions.
- Need to look at statutes and clean up to ensure that the organizations are operating efficiently.
- Senator Feldman notes that TEDCO was created by the legislature, and moving forward, is it an entity whose function could be housed somewhere else? Could it fit within another entity of the state? These entities have to justify their continuing existence.

- Dr. Singh mentions that we need to understand why the organization was created and what was the main objective. We need to answer a much broader question of how are they contributing to the growth of the state?
- Mr. Williams notes that he likes the one page strategic plan. Interested in the relationship between strategic plans and an agency's enabling legislation and statements of purpose
 - Dr. Singh states that when developing the plan, you have to think about what absolutely needs to be done that is expressed in the statute and how do we achieve that? Need to be proactive when building relationships with legislators.
- Delegate Szeliga says that it's important to also consider what an agency is not set up or can/cannot do, especially since legislators have new ideas and want to task these existing entities with them. Important to educate legislators on the organizations.

Jennifer Allgair, Executive Director of the State Ethics Commission, presents next:

- Public employees and board members are subject to public ethics law, thus, if any employee or a qualifying relative has any relation with then that employee cannot participate in certain executive decision making matters
- Conflict of interest provisions also have employment regulations
- Disclosure is always available in application processes - disclosing disallows a compromised employee
- Another conflict provision is the post-employment restriction - if a former state employee significantly participated in a matter then they cannot switch sides of a matter - the board member could not leave the board then be hired by the entity that the board took action against
- Gift restriction provisions also apply to board members - if any entity has some type of contract of relationship with the board then they are considered a controlled donor from which unsolicited gifts are prohibited - annual financial disclosure statement would have to include any of these received gifts
- Another is the restriction exists on the prestige of office- a state official may not use their prestige of state office for personal gain or the personal gain of another
- An important aspect of financial disclosure requirements is that filing depends on the extent of the financial disclosure
- Chairman Serafini asks if the State Ethics Commission provides training for state boards and commissions
 - Currently statute does not require training, but does provide general ethics law overview. Ethics Commission will provide training/presentation to boards and commissions if requested
 - Ms. Allgair explains that by request it is easy to tailor specific training to any agency
- Chairman Serafini asks if there should be more consistency for financial reporting among boards and commissions?

- Ms. Allgair states that it might not be necessary for all boards and commissions to file the more extensive disclosure forms. Many state boards and commissions are not paid. Form 1 would not be needed for everyone.

Rebecca Snyder, Maryland Delaware DC Press Association, speaks last:

- Ms. Snyder gives a brief overview of the Maryland Delaware DC Press Association and its members
- She explains that the press has no lock on transparency
- Credibility ties into transparency - it is important that the “watchdog role” is fulfilled
- We care so much about transparency because we need to be able to foster trust and accountability
- Inconsistent standards when it comes to records requests through the Maryland Public Information Act.
- Document management is incredibly important in order to ensure transparency extends beyond generations of board members.
- Quasi-public agencies, as well as state and local entities, should be held to the same standards as full public bodies when it comes to the Maryland Public Information Act and Open Meetings Act.
- Public meetings should be open and live-streamed
- Mr. Williams asks for clarification that the entities the commission is looking at that they are subject to the Public Information Act and Open Meetings Act?
 - Ms. Snyder responds that that is the understanding but commission should set the tone with that.
- Mr. Williams asks if agencies are rated on their level of transparency with the Public Information Act?
 - No, but the ombudsman report could provide some additional information.
- Delegate Korman notes that the pandemic has led to an increase in live-streaming of meetings, but entities are not always the best about posting the meeting materials. Any thoughts on availability of meeting materials before/during the meeting?
 - Organizations should try to be as transparent as possible - should always err on the side of transparency. Sensitive information can be redacted or meeting can go into closed session
 - Meeting materials at in-person meetings are not uniform
- Delegate Korman asks if Ms. Snyder has thoughts on the idea that a board member did not sign up to be live-streamed and posted to YouTube.
 - Ubiquity of cameras in our lives mean that you can be filmed in-person as easily as being streamed on YouTube
 - Downside of live streaming is that it can push conversations into back-channels.
 - Individuals can be filmed at really any time, but live streamed allow for more public engagement with the content.

- Senator Feldman mentions that interactions change when meetings are live-streamed, even with the new protocols of the General Assembly.

Chairman Serafini discusses next steps:

- The Commission's next meeting will be held on Monday, April 19th.
- Chairman Serafini mentions that he reached out to the Office of the Attorney General and Society for Human Resources Management for their input and feedback.
- No agencies will be exempted from the questionnaire if they were listed within the Governor's executive order, but we can consider adding if that is the will of the Commission.
- Commission will start to have the agencies who received the questionnaire available to present and answer questions.

Motion to adjourn from Mr. Williams, seconded by Senator Addie Eckardt.

Commission Members

Andrew Serafini, Commission Chair, Former State Senator; President, Serafini Financial Services, Public

David Brinkley, Secretary, DBM

Rhonda Ray, Managing Director, Commerce

Michael Harrison, Policy Director, Labor

Jeannie Haddaway-Riccio, Secretary, DNR

Bobbie James, Senior Advisor, MDE

Kathleen Birrane, Insurance Commissioner, MIA

Marc Korman, Delegate, Speaker of the House

Brian Feldman, Senator, President of the Senate

Kathy Szeliga, Delegate, Minority Whip, House Republican Caucus

Addie Eckardt, Senator, Senate Republican Caucus

John Williams, CEO, Jamison Door; UMMS, Conflict of Interest Subcommittee Chair, Member of Audit and Compliance Committee, Ethics

Karen Syrylo, MD CPA Legislative Committee Member, Financial

Dr. Linda L. Singh, PMP, PCC, Major General (retired), Public

Staff

Erin Chase, Deputy Legislative Officer

Andrew Cassilly, Senior Advisor

Anna Weiler, Legislative Coordinator

Don Hogan, Policy Director