

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

MINUTES OF MEETING

February 21, 2006

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-Chairman, William D. Brown, John W. Douglass, David B. Hamilton, James M. Harkins, Sheila Hill, F. Patrick Hughes, Cecilia Januszkiewicz, Morris L. Krome, Carl D. Lancaster, Dr. A. Melissa A. Moye, Patrick O'Shea, Trustees, and, Thomas K. Lee, Secretary.

Agency Staff members attending were Jeannie Abramson, Deborah Bacharach, Monica Bias, Ann Budowski, Margaret Bury, Laura Burns, Rachel Cohen, Melody Countess, Robert Feinstein, Vanessa Garrett-Ingram, Thomas Gigliotti, John Greenberg, Carla Katzenberg, Jill Leiner, Dale Markle, Vincent Marsiglia, Will Morrow, Howard Pleines, Ken Reott, and Barbara Swain.

Also attending were Bill Anderson, Dean Kenderdine, Robert Mathias, and Robert Palumbi. Disability claimants and their attorneys present were Kelvin Combs, David Robinson, and, James H. Thomas Jr. and Michael Davey, Esquire.

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| Minutes | 1 | On motion made and duly seconded, the Board approved the minutes of the January 17, 2006 regular meeting. |
| Chief Investment Officer Panel | 2 | On motion made by Comptroller Schaefer and duly seconded by Treasurer Kopp, the Board approved the following individuals to serve on the Chief Investment Officer's Selection Panel: Thomas Lee, Steve Cummings, David Hamilton, F. Patrick Hughes, Nancy Kopp, Carl Lancaster, Dr. A. Melissa Moye, and Robert Schaefer. |
| Investment Committee Recommendations and Information Items | 3 | Mr. Carl Lancaster, Chairman of the Investment Committee, reported on the meeting held February 10, 2006.

Mr. Lancaster commented on the following information items discussed at the Investment Committee meeting: <ul style="list-style-type: none">• The Committee unanimously approved the January 13, 2006 open meeting minutes.• Mr. Lee noted that while the Retirement Agency seeks a new Chief Investment Officer, Mr. John Greenberg is responsible for investment strategy and Mr. Robert Feinstein is responsible for operations and administration for the Investment Division.• Mr. Greenberg presented the most recent TUCS results showing the System in the 21st percentile for the quarter ending December 31, 2005 and the 56th percentile for calendar 2005.• The Committee received the investment guidelines for GlobeFlex Capital's International Small Cap separate account. |

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Januszkiewicz, Mr Morrow noted that the Agency set a time and materials contract with a not-to-exceed amount given This type of contract was selected to meet the aggressive schedule set by the Agency

EXHIBIT A

Executive
Director's
Report

- 5 Mr Lee asked the Board to consider a special meeting to be held at 10 00 a m on April 4, 2006 in order for the Board to vote on the contract for the MPAS-1 vendor On motion made by Mr Brown, and duly seconded, the Board approved holding a special meeting on April 4, 2006 at 10 00 a m

On motion made and duly seconded, the Board voted unanimously to meet in Executive Session to discuss (1) the actuarial services contract, pursuant to State Government Article, Section 10-508(a)(13) which authorizes the Board to meet in closed session to comply with statutory requirements that prevent public disclosure - see State Finance and Procurement Act, Section 13-210(d)(3) and State Government Article Section 10-508(a)(14) which authorizes the Board to meet in closed session to discuss matters relating to the contents of a bid or proposal, (2) investment matters including rebalancing of portfolio, pursuant to State Government Article 10-508(a)(5), which authorizes the Board to meet in closed session to consider the investment of public funds, (3) an update on pending or potential litigation, pursuant to State Government Article Section 10-508(a)(8) which permits the Board to meet in closed session to consult with individuals concerning litigation and Section 10-508(1)(7) which authorizes the Board to meet in closed session to obtain legal advise, and, (4) the performance evaluation of the Executive Director, pursuant to State Government Article Section 10-508(a)(1)(i)

EXECUTIVE SESSION

The Board met in Executive Session at 10 05 a m in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider the actuarial services contract, investment issues, pending litigation and the Executive Director's evaluation There were present William Donald Schaefer, Chairman, Nancy K Kopp, Vice-Chairman, William D Brown, John W Douglass, David Hamilton, James M Harkins, Sheila Hill, F Patrick Hughes, Cecilia Januszkiewicz, Morris L Krome, Carl D Lancaster, Dr A Melissa Moye, Patrick O'Shea, Trustees, and, Thomas K Lee, Secretary Agency Staff members attending were Jeannie Abramson, Deborah Bacharach, Monica Bias, Anne Budowski, Margaret Bury, Rachel Cohen, Melody Countess, Robert Feinstein, Thomas Gigliotti, John Greenberg, Vincent Marsiglia, Howard Pleines, Ken Reott, and, Barbara Swain

The Board ended its closed session at 11 30 a m and returned to regular session to complete the agenda

REGULAR SESSION

Administrative
Committee Meeting

- 6 The Administrative Committee is to meet on Tuesday, April 4, 2006 at 9 00a m instead of 9 30a m at 120 East Baltimore Street, Sun Trust Building, Boardroom, Baltimore, Maryland

2006 Proposed
Legislation

- 7 Mr Howard Pleines reported on 2006 legislation He began by noting that a benefit enhancement proposal has not been introduced Leadership is discussing enhancements in relation to the benefit multiplier, increases to employee contributions, retroactivity, and additional State costs, however, no decisions have been reached

Two bills have been introduced to deal with Board requested legislation. HB1046 relates to issues with disability benefits and law enforcement retirees. HB1430 is the code simplification bill, containing most of the amendments requested by the Board.

It is the Agency's recommendation that the Board oppose three bills: HB1482/SB622 and HB1001. Mr. Pleines noted that HB65 had been withdrawn and replaced by HB1482/SB622, State Police Retirement System Special Disability Retirement - Former Members. This bill would give a former withdrawn member of the State Police Retirement System the right to file for special disability, which, if granted, would be adjusted for cost-of-living from 1982. HB1001, Divestment from the Republic of Sudan, would require divestiture of investments in companies doing business in Sudan.

Mr. Pleines noted that HB1125/SB431, Blue Ribbon Commission to Study Retiree Health Care Funding Options, has been introduced to study all aspects of State health benefits over a 24 month period.

Medical Board Reports

- 8 On motion made, 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.

David Robinson

- 9 The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. David Robinson 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.

Mr. Robinson appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. 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.

Kevin Combs

- 10 The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Kevin Combs for special disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Combs appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendation. Following discussion, the Board deferred further consideration to Executive Session.

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James H Thomas Jr 11 The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr James H Thomas Jr for special disability benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr Thomas appeared before the Board with his attorney, Michael Davey, to oppose the Agency's position and the Administrative Law Judge's recommendations. Mr Davey asked the Board to remand the case to the Office of Administrative Hearings for a full evidentiary hearing on the merits to determine what the disability arose from. Ms Jill Leiner, attorney for the Agency, addressed the Board and argued that the ALJ improperly applied the law to the facts. Ms Leiner asked that the Board issue its own decision concluding that, as a matter of law, even if the disability arose from the disciplinary action, Mr Thomas would not be eligible for special disability benefits. Following discussion, the Board deferred further consideration to Executive Session.

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

EXECUTIVE SESSION

The Board met in Executive Session at 12:45 p.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider disability appeals. There were present William Donald Schaefer, Chairman, Nancy K. Kopp, Vice-Chairman, William D. Brown, John W. Douglass, James M. Harkins, Sheila Hill, F. Patrick Hughes, Morris L. Krome, Carl D. Lancaster, Patrick O'Shea, Trustees, and Thomas K. Lee, Secretary. Agency Staff members attending were Deborah Bacharach, Monica Bias, Anne Budowski, Margaret Bury, Howard Pleines, and Barbara Swain.

The Board ended its closed session at 12:50 p.m. and returned to regular session to complete the agenda.

REGULAR SESSION

On motion made by Mr. Brown, and seconded by Mr. O'Shea, the Board voted to ratify actions taken in Executive Session.

Minutes On motion made by Mr. Brown, and duly seconded, the Board approved the minutes of the January 17, 2006 closed session meeting.

David Robinson The Board considered the appeal of David Robinson. Following a discussion, on a motion made by Mr. Hughes, seconded by Ms. Hill, the Board voted to adopt the Administrative Law Judge's Proposed Decision and deny Mr. Robinson's request for accidental disability benefits. Mr. Schaefer is recorded as opposing the motion.

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- Kevin Combs The Board considered the appeal of Kevin Combs. Following a discussion, on a motion made by Mr. Brown, and seconded by Mr. Douglass, the Board voted to reject the Administrative Law Judge's Proposed Decision and grant Mr. Combs' request for special disability benefits.
- James H. Thomas Jr 12 The Board considered the appeal of James H. Thomas Jr. Following a discussion, on a motion made by Major Krome, and seconded by Mr. Hughes, the Board agreed to hold this request under advisement.
- Joint Remand Request 13 The Board considered the request by attorneys for the claimant, Larry S. Richmond, and the Retirement Agency for a joint remand to the Medical Board due to the unavailability of the transcript from the Office of Administrative Hearings. On motion made by Mr. Brown, and seconded by Ms. Hill, the Board remanded Mr. Richmond's appeal for accidental disability benefits back to the Medical Board.

There being no further business before the Board, the meeting adjourned at 12:55 p.m.

Respectfully submitted,

Thomas K. Lee / mcb

Thomas K. Lee
Secretary to the Board

TKL/mcb