

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

November 15, 2011

Baltimore State Retirement and Pension System

The Board of Trustees for the Maryland State Retirement and Pension System met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland, beginning at 9:06 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman	Peter Franchot, Vice-Chairman	David Blitzstein	William Brown
John Douglass	T. Eloise Foster	James Harkins	Sheila Hill
F. Patrick Hughes	Major Morris Krome	Theresa Lochte	Robert Schaefer
Harold Zirkin	Thurman Zollicoffer, Jr.	R. Dean Kenderdine, Secretary	

Agency Staff members attending included:

Anne Budowski	Robert Burd	Margaret Bury	Melody Countess	Brian Feilinger
Patricia Fitzhugh	Anne Gawthrop	Michael Golden	Ira Greenstein	Dennis Krysiak
A. Melissa Moye	Kenneth Reott	Janet Sirkis	Patrice Sowah	Toni Voglino

Assistant Attorneys General present included:

Deborah Bacharach Rachel Cohen Melissa Warren

Also attended by: John Kenney, Phillip Anthony, Dylan Baker, Michael Rubenstein, Dana Tagalicod, Amber Teitt, Randy Mickens (MSTA), John Jones (MRSPA), and Gary Steinberg (SEIU)

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| Minutes | 1. On a motion made by Mr. Hughes and duly seconded, the Board approved the minutes of the October 18, 2011 open session meeting. |
| 2012 Board Meeting Dates | 2. On a motion made by Treasurer Kopp and duly seconded, the Board approved the following dates for Board of Trustee meetings in 2012: |

Tuesday, January 17, 2012	Tuesday, February 21, 2012
Tuesday, March 20, 2012	Tuesday, April 17, 2012
Tuesday, May 15, 2012	Tuesday, June 19, 2012
Tuesday, July 17, 2012	Tuesday, August 21, 2012
<i>Thursday, September 20, 2012</i>	Tuesday, October 16, 2012
Tuesday, November 20, 2012	Tuesday, December 18, 2012

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| Investment Committee Report | 3. Mr. Harold Zirkin, Chairman of the Investment Committee, reported on the Investment Committee's November 4, 2011 meeting. |
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Mr. Zirkin reported the Investment Committee meeting dates for Calendar Year 2012 as follows:

- February 10, 2012;
- May 11, 2012 (asset allocation review and quarterly meeting);
- September 14, 2012 (CIO evaluation and quarterly meeting), and;
- November 9, 2012.



Mr. Zirkin reported that the Investment Committee received a report from the CIO on the 3Q11 investment performance and an introduction of Staff positions. The Investment Division is organized into four teams:

1. Public Equity – Victoria Willard, Managing Director
2. Quantitative Strategies – Michael Cheung, Managing Director
3. Real Assets – Steve Reilly, Managing Director
4. Private Equity/Investment Administration and Accounting – Margo Wheat, Managing Director

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Mr. Zirkin reported that the Investment Committee received an overview of the Terra Maria program. The Terra Maria assets under Management were 3.3 Billion as of June 30, 2011.

Mr. Zirkin reported that in the November 2010 Investment Committee meeting, a team-by-team presentation of portfolio characteristics was given. At the November 2011 meeting, an updated and enhanced report was presented by each team.

Mr. Zirkin reported that the Investment Committee received the September 30, 2011 performance update, and Economic and Market Environment from Hewitt Ennis Knupp, the System's general consultant.

Mr. Zirkin reported that the Investment Committee received and reviewed reports from:

- › State Street Performance Reports
- › Private Markets Update
- › Securities Lending Report
- › Division's FY12 Travel Plan – Update
- › OPEB Update

- CIO Report 4. Dr. A. Melissa Moye reported preliminary investment results as of October 31, 2011.

As of October 31, 2011, total plan assets totaled \$36.1B. For the one-month ending 10/31/11, the Total Plan returned 5.47 %, trailing the policy benchmark by 29 basis points. FYTD ending 10/31/11, the Total Fund returned -3.33% trailing the policy benchmark by 57 basis points.

- GRS 5. Mr. Brian Murphy and Ms. Amy Williams of Gabriel Roeder & Smith (GRS), the System's actuary, presented the final results of the State Retirement and Pension System's Actuarial Valuation for the period ending June 30, 2011 and the recommended employer contribution rates for the Fiscal Year 2013 budget.

On a motion made by Mr. Schaefer seconded by Ms. Lochte, the Board certified the following Fiscal Year 2013 contribution rates recommended by the System's actuary. Comptroller Franchot opposed.

Fiscal Year 2013	
Teachers	13.29%
Employees	12.29%
State Police	61.21%
Judges	61.18%
LEOPS	46.81%

At Mr. Kenderdine's request, GRS provided a presentation on *Projections Based on June 30, 2011 Valuation Results Under Alternate Funding Methodologies*. This presentation provided the actuary's projections of plan funded status through 2038 and the years when funded status would reach 80%, 90% and 100% based on the adoption of the Board's funding

PWS:BoT minutes 111511

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methodology recommendations to the Joint Committee on Pensions. In addition, the actuary presented an update on the projected impact of the GASB exposure draft, based upon the FY2011 valuation.

FY13 System
Active membership

6. Mr. R. Dean Kenderdine presented the System's Active Membership by percentage as employed by the State, libraries, community colleges and local board of educations, for certification to the Secretary of the Department of Budget and Management in accordance with State Personnel and Pensions Article § 21-316(c) of the Maryland Annotated Code. The certified percentages are provided to determine each System employer's pro rata share of the amount necessary for the administrative and operational expenses of the Board of Trustees and the State Retirement Agency.

On a motion made by Mr. Brown and seconded by Ms. Hill, the Board certified the following percentages of the total membership of the several systems that are employed by the State, the libraries, the community colleges and each local boards of education as of June 30, 2011.

State Employees	65,796	33.7%
Local Boards of Education	96,605	49.5%
Local Community Colleges	4,684	2.4%
Local Public Libraries	2,341	1.2%
Participating Governmental Units	<u>25,633</u>	13.1%
	195,059	

Executive
Director's
Report

7. Mr. R. Dean Kenderdine reported on recent Agency developments.

Mr. Kenderdine reported that 66% of Agency employees have participated in, and contributed to a total of \$31K to the Maryland Combined Charity Campaign.

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Mr. Kenderdine reported that Ms. Theresa Lochte is serving on the Trustee Education Committee for the National Council on Teacher Retirement (NCTR), and that he is serving on the Legislative Committee for NCTR.

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On behalf of the Board of Trustees, Mr. Kenderdine, Treasurer Kopp, and Comptroller Franchot presented Mr. Robert Schaefer with a Board resolution for his service as a Trustee.

Medical Board
And
Supplemental
Medical Board
Reports

8. On a motion made by Mr. Hughes and seconded by Ms. Lochte, the Board of Trustees accepted all 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 documentation in the file.

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CLOSED SESSION

The Board met in a Closed Session in the Boardroom of the SunTrust Building at 120 East Baltimore Street:

1. to approve the closed session minutes, pursuant to State Government Article §10-503(a)(1)(i), the exercise of an administrative function;
2. to receive and discuss information regarding indemnification, pursuant to State Government Article §10-508(a)(5), advice of counsel, and;
3. to receive and discuss information on the Direct Equity Real Estate Program, pursuant to State Government Article §10-508(a)(5), investment of public funds.

The Trustees present included:

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F. Patrick Hughes	Major Morris Krome	Theresa Lochte	Robert Schaefer
Harold Zirkin	Thurman Zollicoffer, Jr.	R. Dean Kenderdine, Secretary	

Agency Staff members attending included:

Anne Budowski	Robert Burd	Margaret Bury	Melody Countess	Brian Feilinger
Patricia Fitzhugh	Anne Gawthrop	Michael Golden	Ira Greenstein	Dennis Krysiak
A. Melissa Moye	Kenneth Reott	Janet Sirkis	Patrice Sowah	Toni Voglino

Assistant Attorneys General present included:

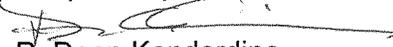
Deborah Bacharach Rachel Cohen Melissa Warren

Also attended by John Kenney.

REGULAR SESSION

- Adjournment 9. There being no further business before the Board, the meeting adjourned at 10:30 a.m.

Respectfully submitted,


R. Dean Kenderdine
Secretary to the Board

RDK/pws