

BOARD OF TRUSTEES MEETING

Maryland State Retirement and Pension System
120 E. Baltimore Street, 16th Floor Board Room
Baltimore, Maryland 21202

Tuesday, 6/18/2019
9:30 AM - 12:00 PM ET

- ACTION ITEM 1. Consent Agenda
- (a) May 21, 2019 Open Meeting Board Minutes
 - (b) June 4, 2019 Administrative Committee Meeting Summary, which includes a recommendation to approve the Board of Commissioners of Queen Anne's County's Request to Participate in the Employer Pick-Up Program, effective July 1, 2019.
- BoT Minutes_052119_Open - Page 7*
Administrative Committee Meeting Summary_060419 - Page 13

APPROVE.....DISAPPROVE.....DEFER

- ACTION ITEM 2. Board Officers
- In accordance with State Personnel and Pensions Art., § 21-105, the Board of Trustees must elect annually from its membership a chairman and, shall by a majority vote of all its members, appoint a secretary who may be, but not need be, one of its members. In addition, the practice of the Board is to also appoint a vice-chairman.

Present Officers are:

- >Chairman.....Nancy K. Kopp
- >Vice-Chairman.....Peter Franchot
- >Secretary.....R. Dean Kenderdine

APPROVE.....DISAPPROVE.....DEFER

- ACTION ITEM 3. Recommendation regarding Asset Class Targets for Investment Division Financial Incentives
- Financial Incentive Compensation Memo_060519 - Page 18*

APPROVE.....DISAPPROVE.....DEFER

- ACTION ITEM 4. Recommendation of the Administrative Committee regarding the Criteria for the Chief Investment Officer's Evaluation
- CIO Evaluation Criteria_TRACKED CHANGES - Page 25*

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 5. Recommendation of the Administrative Committee to Approve the FY20 Business Plan, including all new Initiatives
FY20 Business Plan - Page 28

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 6. Recommendation of the Administrative Committee regarding Proposed Amendments to COMAR 22.01.06 - Payment of Benefits
Recommendation of the Administrative Committee that the Board of Trustees submit to the Administrative, Executive and Legislative Review Committee and publish, for comment, in the Maryland Register the proposed amendments, as presented.
COMAR 22.01.06_Payment of Benefits - Page 84

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 7. Recommendation of the Administrative Committee regarding Proposed Amendments to COMAR 22.01.12 - Enrollment In The State System
Recommendation of the Administrative Committee that the Board of Trustees submit to the Administrative, Executive and Legislative Review Committee and publish, for comment, in the Maryland Register the proposed amendments, as presented.
COMAR 22.01.12_Enrollment In The State System - Page 90

APPROVE.....DISAPPROVE.....DEFER

INFORMATION 8. Distribution of FY19 Personal Statement of Benefits
Board Memo concerning the Distribution of FY19 Personal Statement of Benefits - Page 92

INFORMATION 9. Mid-Year Attendance and Training Reports - January through June, 2019
As set forth in State Personnel and Pensions Art., § 21-104(e)(1), each trustee shall attend at least 80% of the monthly Board of Trustees meetings held during a 1-year period beginning January 1. The Chairman may excuse absences for illness, family emergencies, jury duty, or investment/fiduciary training.

In addition, as set forth in State Personnel and Pensions Art., § 21-108(a)(3)(i), each Trustee on the Board of Trustees is required to complete at least 8 hours of investment and fiduciary training, including training on fiduciary conduct and board governance, during a 1-year period beginning January 1.

BoT Attendance Sheets_January-June 2019 - Page 94

BoT Training Log_January-June 2019 - Page 99

INFORMATION 10. Executive Director's Report

- ACTION ITEM 11.** Motion by the Board to meet in Closed Session for the purposes of:
- (a) reviewing the May 21, 2019 Closed Session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;
 - (b) reviewing the Medical Board reports, regarding an individual participants' claims for disability retirement benefits, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory requirement that prevents public disclosure, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and psychological information;
 - (c) reviewing the Earnings Limitation Recovery Report, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory requirement that prevents public disclosure, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-331 regarding the prohibition on disclosing information about public employees;
 - (d) reviewing the Disability Offset Report, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory requirement that prevents public disclosure, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-331 regarding the prohibition on disclosing information about public employees;
 - (e) reviewing a report regarding extraordinary salary increases, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory requirement that prevents public disclosure, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirements records;
 - (f) discussing the offset of retirement benefits of individual participants under State Personnel and Pensions Art., § 21-113, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter, namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records;
 - (g) receiving advice from counsel regarding conflicts of interests, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice;
 - (h) receiving advice from counsel regarding administrative subpoenas, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice;

(i) receiving advice from counsel regarding a request for the Board to initiate a divestment activity, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice; and

(j) discussing a report from the Chief Investment Officer regarding the System's investments in Alabama-based companies, including with respect to alternative investments, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory requirement that prevents public disclosure, namely, General Provisions Art., § 4-335, regarding the prohibition on disclosing confidential financial and commercial information, and pursuant to General Provisions Art., § 3-305(b)(5), to consider the investment of public funds.

APPROVE.....DISAPPROVE

CLOSED SESSION

ACTION ITEM 12. Closed Session Board Minutes
*May 21, 2019 Board of Trustees meeting

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 13. Medical Board Reports
*May 23 and 29, 2019
*June 6 and 12, 2019

ADOPT.....REMAND.....DEFER

ACTION ITEM 14. Earnings Limitation Recovery Reports
An Agency report certifying the Board of Trustees that the Total Actual Earnings of certain retirees has exceeded the Maximum Earnings allowable under current law is submitted. In accordance with State Personnel and Pensions Art., §§ 22-406(c) and 23-407(c), and with the Board's concurrence, the pensions of the affected retirees will be reduced as specified in the law. The offsets are based on calendar year 2018 earnings, which will be offset from pension benefits paid in fiscal year 2020.

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 15. Disability Offset Report
A report of the Medical Board certifying to the Board of Trustees that the Total Actual Earnings of certain disability retirees has exceeded the Maximum Earnings allowable under the current law is submitted. In accordance with State Personnel and Pensions Art., § 29-116(c), and with the Board's concurrence, the pensions of the affected retirees will be reduced as specified by law. The offsets are based on calendar year 2018, which will be offset from pension benefits paid in fiscal year 2020.

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 16. Extraordinary Salary Increases

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 17. Correction of Errors - Offset of Retirement Benefits

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 18. Receiving Advice from Counsel regarding Conflicts of Interests
>>>>DISTRIBUTED SEPARATELY<<<<

APPROVE.....DISAPPROVE.....DEFER

ACTION ITEM 19. Receiving Advice from Counsel regarding Administrative Subpoenas
>>>>DISTRIBUTED SEPARATELY<<<<

APPROVE.....DISAPPROVE.....DEFER

INFORMATION 20. Receiving Advice from Counsel regarding a Request for the Board to Initiate a Divestment Activity
>>>>DISTRIBUTED SEPARATELY<<<<

INFORMATION 21. Report on System Investments in the State of Alabama
System Exposure to the State of Alabama_061719 - Page 101
Alabama Holdings_061719 - Page 103

ACTION ITEM 22. Motion by the Board to adjourn closed session and return to open session.

APPROVE.....DISAPPROVE

OPEN SESSION

INFORMATION 23. CIO Report

ACTION ITEM 24. Motion by the Board to ajourn meeting

APPROVE.....DISAPPROVE

INFORMATION 25. NEXT BOARD OF TRUSTEES MEETING - JULY 16, 2019 @ 9:30 a.m.

*Appointment of Members, Chair and Vice-Chair of Standing Committees