

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

January 18, 2011

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 9:18 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman	David Blitzstein	Major Morris Krome	Robert Schaefer
Thurman Zollicoffer, Jr.	Harold Zirkin		
R. Dean Kenderdine, Secretary			

The Trustees that participated via telephone included:

Peter Franchot, Vice-Chairman	William Brown	John Douglass	T. Eloise Foster
James Harkins	Sheila Hill	F. Patrick Hughes	Theresa Lochte

Agency Staff members attending included:

Margaret Bury	Brian Feilinger	Robert Feinstein	Michael Golden	Ira Greenstein
Dennis Krysiak	A. Melissa Moye	Janet Sirkis	Patrice Sowah	Michael Thompson
Toni Voglino				

Assistant Attorneys General present included:

Deborah Bacharach	Rachel Cohen	Carla Katzenberg	Jill Leiner	Melissa Warren
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Also attended by: John Kenney (via telephone)

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| Minutes | 1. On a motion made by Ms. Hill and seconded by Mr. Zirkin, the Board approved the minutes of the December 21, 2010 open session meeting. |
| Executive Director's Report | 2. Mr. R. Dean Kenderdine reported on recent Agency developments.

Mr. Kenderdine reported on the December 21, 2010 Sustainability Commission's recommendations to the Governor and the Legislative leadership. The Commission established two goals for pension reform achieving actuarial funding levels of 80% within 10 years and 100% within 30 years for the State Retirement and Pension System (SRPS). The recommendations also include: <ul style="list-style-type: none">▸ For new and nonvested members, increasing the vesting requirement for all SRPS plans from 5 to 10 years.▸ For new and nonvested members, eligibility for a normal service retirement in TPS/EPS should be age 62 with at least 10 years of service or a combination of age and years of service adding to 92 (the Rule of 92). Concurrently, eligibility for early retirement should be age 57 with at least 20 years of service.▸ For members of the State Police Retirement System and the Law Enforcement Officers Pension System not currently enrolled in the Deferred Retirement Option Program (DROP), the program should be modified to provide 4% compounded annual interest on DROP account balances instead of the current 6% compounded monthly interest. The commission further recommends that the State explore, through the collective bargaining process, requiring members of the State Police Retirement System to hold a referendum on whether to join Social Security.▸ The Commission recommends that the General Assembly Compensation Commission and the Joint Committee on Pensions study the benefit structures provided under the Legislative Pension Plan and the Judges' Retirement System, respectively, and recommend any |

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necessary changes to the General Assembly and Judicial Compensation Commission.

Major Krome expressed his concern that the Sustainability Commission's recommendations did not include any recommendations to eliminate corridor funding. There was no specific mention, or recommendations, made as a result of the Board's funding methodology study. Mr. Zollicoffer agreed.

Mr. Kenderdine clarified that the Commission report does refer to the Board's funding methodology recommendations which include a 10-year phase out of corridor. However, the Commission report advises against the Board's recommendations as they 1) would increase employer contributions over the next few years and, 2) would not achieve the Commission's stated goal of 80% funding of the System within 10 years.

Treasurer Kopp emphasized the fact that the Commission has not recommended consideration of a defined contribution option but rather is focused on reforms that would preserve the State's defined benefit plan.

Mr. Kenderdine reported that the committee established to review the CIO Executive Search Firm proposals has completed its work and will make its recommendation in closed session.

CIO Report 3. Dr. A. Melissa Moye reported on the portfolio's performance. She reported the preliminary unaudited results as of December 31, 2010 report assets in the trust total \$35.99 billion. The net calendar year return was 12.2%, which was 80 basis points above the policy benchmark. The fiscal year-to-date return was 14.3%.

Medical Board 4. On a motion made by Mr. Hughes and seconded by Major Krome, the Board
And
Supplemental of Trustees accepted all the reports of the Medical Board in connection with
Medical Board applications of members for ordinary, accidental and special disability
Reports retirement allowances. The Medical Board's conclusions were reached after
 its review of the documentation in the file.

CLOSED SESSION

The Board met in a Closed Session (9:40 a.m.) 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 discuss the recommendations of the Board committee for the selection of a CIO search firm, pursuant to State Government Article §10-508(a)(14), a procurement matter;
3. to appoint a Chief Internal Auditor, pursuant to State Government Article §10-508(a)(2), a personnel matter;
4. to receive advice of counsel regarding work assigned by the Office of the Attorney General, pursuant to State Government Article §10-508(a)(7), advice of counsel; and
5. to receive a report from the CIO regarding the termination of managers, pursuant to State Government Article §10-508(a)(5).

The Trustees present included:

Nancy K. Kopp, Chairman	David Blitzstein	Major Morris Krome	Robert Schaefer
Thurman Zollicoffer, Jr.	Harold Zirkin	R. Dean Kenderdine, Secretary	

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The Trustees that participated via telephone included:

Peter Franchot, Vice-Chairman	William Brown	John Douglass	T. Eloise Foster
James Harkins	Sheila Hill	F. Patrick Hughes	Theresa Lochte

Agency Staff members attending included:

Margaret Bury	Brian Feilinger	Robert Feinstein	Michael Golden	Ira Greenstein
Dennis Krysiak	A. Melissa Moye	Janet Sirkis	Patrice Sowah	Michael Thompson
Toni Voglino				

Assistant Attorneys General present included:

Deborah Bacharach Rachel Cohen Carla Katzenberg Jill Leiner

Also attended by: John Kenney (via telephone)

The Board ended its closed session at 10:15 a.m. and returned to regular session to complete the agenda.

REGULAR SESSION – APPEALS AND HEARINGS

The Board reported that during the closed session the Board approved the closed session minutes.

- Leroy Holland 5. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Leroy Holland for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Leroy Holland's 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 Closed Session.

- Charles E. Gaither 6. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Charles E. Gaither for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

- Irma V. Washington 7. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Irma V. Washington for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

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- Norman D. Sears 8. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Norman D. Sears for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented. Neither Mr. Norman D. Sears, nor his counsel, were present to oppose the Agency's position and the Administrative Law Judge's recommendation. Due to inclement weather the Board took a recess to allow for the claimant to be contacted. Ms. Jill Leiner contacted counsel. Ms. Leiner reported to the Board that she spoke to Mr. Sears' attorney. She was advised that the claimant wished not to pursue his claim any further. Ms. Leiner presented her case.

Ms. Jill Leiner, 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 Closed Session.

CLOSED SESSION – APPEALS AND HEARINGS

The Board met in a Closed Session (11:06 a.m.) in the Investment Unit Conference Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. to discuss the disability appeals pursuant to State Government Section 10-503(a)(1)(iii), the exercise of a quasi-judicial function.

The Trustees present included:

Nancy K. Kopp, Chairman David Blitzstein Major Morris Krome Robert Schaefer
Thurman Zollicoffer, Jr. Harold Zirkin

The Trustees that participated via telephone included: William Brown and Theresa Lochte

Agency Staff members attending included:

R. Dean Kenderdine Margaret Bury Patrice Sowah Janet Sirkis Michael Golden
Michael Thompson

Assistant Attorneys General attending: Deborah Bacharach and Rachel Cohen.

The Board ended its closed session at 11:15 a.m. and returned to regular session to complete the agenda.

REGULAR SESSION

The Board reported that during the closed session the Board reviewed and decided on the following disability appeals:

- Leroy Holland 9. The Board voted to REJECT the Administrative Law Judge's Proposed Decision and GRANT Leroy Holland's request for accidental disability benefits.
- Charles E. Gaither 10. Mr. Charles E. Gaither was not present. Due to inclement weather the Board took a recess to allow for the claimant to be contacted. He was contacted by Ms Carla Katzenberg. He requested a postponement. Ms. Katzenberg did not object. The Board postponed his case.

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- Irma V. Washington 11. Ms. Irma V. Washington was not present. Due to inclement weather the Board took a recess to allow the claimant to be contacted. Ms. Jill Leiner called Ms. Washington but was unable to reach her, because her phone was disconnected. Ms. Leiner was ready and prepared to proceed. The Board postponed her case due to the inclement weather. Ms. Leiner pointed out that this was Ms. Washington's second postponement.
- Norman D. Sears 12. The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Norman D. Sears' request for accidental disability benefits.
- Adjournment 13. There being no further business before the Board, the meeting adjourned at 11:16 a.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

RDK/pws