

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

November 20, 2012

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 10:03 a.m.

The Trustees present included:

Nancy Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman
David Blitzstein
John Douglass
T. Eloise Foster
Kenneth Haines
Robert Hagans

Sheila Hill
F. Patrick Hughes
Major Morris Krome
Theresa Lochte
Harold Zirkin
Thurman Zollicoffer, Jr.

Agency Staff members attending included: R. Dean Kenderdine, Executive Director\ Board Secretary

Marge Bury
Melody Countess
Patricia Fitzhugh
Michael Golden

Ira Greenstein
Angie Jenkins
R. Dean Kenderdine
Van Lewis

A. Melissa Moya
Janet Sirkis
Toni Voglino

Assistant Attorneys General present included: Deborah Bacharach, Rachel Cohen, and Melissa Warren.

Also attended by: Phillip Anthony, Nathan Bowen, John Kenney, Dana Tagalicod, Randy Mickens, Rick Norman, Titia Estep, Brian Murphy and Brad Armstrong.

Consent Agenda

On a motion made by Mr. Blitzstein and seconded by Major Krome, the Board voted to remove the November 9, 2012 Investment Committee Report from the consent agenda and defer it to the December 18, 2012 Board of Trustees meeting for further discussion.

On a motion made by Mr. Zollicoffer and seconded by Mr. Haines, the Board approved the consent agenda, as amended, which included:

- October 16, 2012 Open Meeting Board Minutes
- Disability Reports from the Medical Board

2013 Board Meeting Dates

On a motion made by Ms. Hill and seconded by Mr. Zirkin, the Board approved the following dates for Board of Trustee meetings in 2013:

Tuesday, January 15, 2013	Tuesday, February 19, 2013
Tuesday, March 19, 2013	Tuesday, April 16, 2013
Tuesday, May 21, 2013	Tuesday, June 18, 2013
Tuesday, July 16, 2013	Tuesday, August 20, 2013
Tuesday, September 17, 2013	Tuesday, October 15, 2013
Tuesday, November 19, 2013	Tuesday, December 17, 2013

Mr. Kenderdine reminded the Board that the May 21, 2013 Board meeting is the educational session scheduled to begin at 8:30 a.m. All other meetings will begin at 10:00 a.m.

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GRS Mr. Brian Murphy and Mr. Brad Armstrong 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, 2012 and the recommended employer contribution rates for the Fiscal Year 2014 budget.

On a motion made by Mr. Zollicoffer and seconded by Ms. Hill, the Board certified the following Fiscal Year 2014 contribution rates:

Fiscal Year 2014	
Teachers	14.71%
Employees	14.05%
State Police	66.71%
Judges	50.92%
LEOPS	52.47%

At Mr. Kenderdine's request, GRS provided an update on the projected impact of the new GASB Statements 67 and 68 and the changes they will bring to future pension accounting and financial reporting. A link to a more detailed report on the GRS website will be provided by Mr. Kenderdine to Trustees for their review. In addition, Mr. Kenderdine presented a draft document which explains the new GASB Statements and their impact. Trustees were asked to review the document and offer editorial recommendations.

FY 12 System Active
Membership

Mr. R. Dean Kenderdine presented, 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 System's Active Membership by percentage as employed by the State, libraries, community colleges and local board of educations. 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. Hughes 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 local board of education as of June 30, 2012.

State Employees	63,113	
State Teachers	1,958	
Local Public Libraries-TCS Teachers	2,323	
Local Public Libraries-ECS Employees	117	
Subtotal State	67,511	35%
Local Boards of Education-TCS	94,780	
Local Community Colleges	4,633	

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Local Elected & Appointed Officials	705		
Participating Governmental Units ¹	25,365		
Subtotal Local	125,483		65%
	Total	192,994	100%

¹ Actuary PGU count adjusted for the public library members in the Employee System as follows (25,482 - 117) = 25,365.

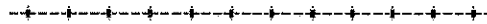
CIO Report

Dr. A. Melissa Moye informed the Board that total fund was -0.10% for the month of October, 2012. Fiscal YTD net return for the total fund is 4.53% as of October 31, 2012, with 6 out of 7 major asset allocation classes exceeding their benchmark.

Executive
Director's
Report

Mr. Kenderdine provided to the Board the November 2012 State Retirement and Pension System Funding Study concerning the corridor funding method, which will be presented to the Joint Committee on Pensions. The proposal calls for a 10-year phase out of the Corridor Method and re-amortization of all liabilities to a 25-year closed period.

The Joint Committee on Pensions will meet on December 12, 2012 at 2:00 p.m. in the House Appropriations Committee room to make decisions on the Board's requested legislation and the proposal for phasing out the Corridor Method.



Mr. Kenderdine announced that the SRA Employee Appreciation and Recognition Celebration will be held on December 18, 2012 immediately following the Board meeting.

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CLOSED SESSION

On a motion made by Ms. Hill and seconded by Mr. Haines, the Board voted to meet in a Closed Session (11:20 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

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 a litigation update, pursuant to State Government Article § 10-508(a)(7), and to consult with counsel to obtain legal advice;

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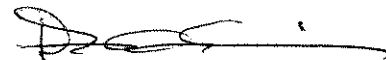
OPEN SESSION

The Board returned to open session at 11:40 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street.

Adjournment

There being no further business before the Board, the meeting adjourned at 11:43 a.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board