

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

March 15, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call, beginning at 9:38 a.m.

The Trustees present included:

Peter Franchot, Chairman, Presiding  
Linda Allen  
Thomas Brandt  
David Brinkley  
Jamaal Craddock

James Daly  
Kenneth Haines  
Sheila Hill  
Richard Norman  
Douglas Prouty  
Michael Stafford, Jr.

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary

Andrew Palmer  
Angie Jenkins  
Anne Gawthrop  
Chandra Puranam  
David Rongione

Greg Busch  
Janet Sirkis  
Ken Reott  
Kim O’Keeffe  
Megan Myers  
Melody Countess

Patricia Fitzhugh  
Robert Diehl  
Toni Voglino  
Van Lewis  
Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen, Alex Harisiadis, Emily Spiering and Kathleen Wherthey

Other attendees included: Justin Hayes and Alex Butler (Comptroller’s Office)

**Consent Agenda**      On a motion made by Mr. Brandt and seconded by Mr. Haines, the Board approved the consent agenda, which included:

- February 15, 2022 Open Meeting Board Minutes
- March 1, 2022 Administrative Committee Meeting Summary

**2022 Legislation**      The Board was provided with a 2022 legislation update. Ms. Gawthrop specifically discussed the following bill:

- House Bill 1482/Senate Bill 1005 – State Retirement and Pension System – Divestment from Russia

Ms. Gawthrop reported that this emergency bill would require the Board to (1) review its investment holdings in actively managed accounts under the control of the System to determine the extent to which those funds are invested in Russian businesses and (2) take divestment action with respect to investments in Russian businesses, subject to the Board’s fiduciary duties.

Ms. Gawthrop commented that this bill relates to only Russia-related companies, not businesses who do business with Russia.

Mr. Haines asked what the fair market value has been determined to be and to whom could we sell it to.

Mr. Palmer responded that looking through all of our bond and stock holdings, including into ETF holdings, the System had about \$197 million of exposure in the week before the invasion. \$190 million was in stocks and \$7 million in bonds. This is an estimate because it uses holdings as of January 31 and prices as of February

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

March 15, 2022

18. Through Wednesday's close, this \$197 million is worth approximately \$11 million, \$7.5 stocks, \$2.3 bonds. Most of these assets were held in fund structures and so are not subject to divestment. The \$2.3 million in bonds and \$2 million in stocks are directly held in active accounts and subject to divestment, for a total of \$4.3 million.

Comptroller Franchot commented that on February 28, in his role as Comptroller, he sent a letter to Mr. Palmer and Mr. Noven suggesting that the System immediately divest from all Russian companies. He indicated that Governor Hogan, also sent a letter, as well.

Mr. Daly commented that the System is overseen by the Board as fiduciaries, and that he urges stakeholders to request the Board to set policy regarding investments such as these, and not send directions to staff.

Comptroller Franchot asked for clarification on the Board's role regarding investments.

Mr. Palmer responded that the Board sets investment policies for the System, via the Investment Policy Manual. Those policies include asset allocation and could include policies on divestment to the extent consistent with fiduciary responsibilities. The Investment Division is responsible for selecting managers and investment vehicles and oversees the investment System assets in accordance with the Board's policies.

Secretary Brinkley commented that a directive to State agencies was sent out regarding doing business with Russia, but he has an objection to any legislation that says we "shall" do something.

Mr. Noven reported that we protected the System as much as we could by explaining to the Joint Committee on Pensions how we have acted on this matter.

Mr. Stafford asked if it warrants a discussion of divesting in China, since the System has already lost a lot of money in Russia and China.

Mr. Palmer responded that we have approximately 5% of the total plan assets invested in China and could set up a discussion at the May Investment Committee meeting.

Recommendation  
to Approve a  
Tiered Salary  
Structure for the  
Sr. Corporate  
Governance  
Manager Position

Mr. Palmer provided the Board with a memorandum regarding the new Sr. Corporate Governance Manager position the Board approved at its May 18, 2021 meeting. The memorandum indicated that the Board approved that position in response to the increased focus and workload related to environmental, social and governance (ESG) issues and other corporate governance matters with a salary range indicated in Table 1, as follows:

Table 1

Min	Mid	Max
\$116,889	\$137,356	\$157,814

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

March 15, 2022

Mr. Palmer reported that staff has conducted the recruiting process for this position and has been unsuccessful in filling the position due to the salary, which is currently modeled after the Senior Compliance Manager position.

Mr. Palmer commented that to improve the System's competitiveness in the recruitment and retention for this high-demand position, staff is requesting a broader compensation structure that mirrors that of the System's Sr. Risk Manager position, as presented in Table 2, as follows:

Table 2

	Min	Mid	Max
Sr. Governance Manager I	\$125,316	\$156,644	\$187,974
Sr. Governance Manager II	\$137,847	\$172,310	\$206,771
Sr. Governance Manager III	\$158,524	\$198,156	\$237,787

On a motion made by Mr. Daly and duly seconded, the Board approved staff's recommendation for a tiered salary structure for the Sr. Corporate Governance Manager position, as presented.

CIO Report

Mr. Palmer reported that the Russian/Ukraine situation, Omicron, inflation and the Federal Reserve effected the markets in the first quarter. After closing the year, up a bit more than 5% since June, the first quarter is on a pace to be down 6-6.5% pulling the whole fund into negative territory. Mr. Palmer reported that January was a very soft month with equity markets down about 4.3% and bonds down over 3%. February was slightly better, but stocks were still down about 2.5% and bonds 1.5%. March has been another challenging month with stocks down 6% and bonds down 3% through yesterday.

So far for the quarter, stocks are down about 12% and or bond index is down about 8%, our diversifying assets and private assets are holding up better, with our absolute return portfolio down about 1% through February and U.S. Credit benchmark down about 5%. The Private equity and real estate assets are lagged so they don't reflect the action of this quarter. Staff will present the impacts in the March 31 valuations when they arrive in May. Interestingly, equity markets have been evenly impacted with the U.S., developed markets down 12, equity markets down 11.7 and developed down 10.8 through Friday.

The equity portfolio has a focus toward high quality and growth companies, despite some aggressive rebalancing in January so we expect to lag the benchmark for the quarter. As always, other segments are performing well.

Staff has moved to a very neutral posture relative to benchmarks to reduce sensitivity to further market weakness and we are slowly rebalancing toward stocks as markets weaken, recognizing that we are not going to be able to call a bottom.

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

March 15, 2022

On a motion made by Mr. Brandt and seconded by Mr. Prouty, the Board voted to meet in a Closed Session, beginning at 10:50 a.m., via a video/audio conference call for the purposes of:

- a) reviewing the closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function and 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., § 3-306(c)(3)(ii), requiring that the minutes of a closed session be sealed and not be open to public inspection; and
- b) reviewing the Medical Board reports regarding individual participants' claims for disability retirement benefits, 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, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and psychological information.

**CLOSED SESSION**

The Trustees present included:

Peter Franchot, Chairman, Presiding  
Linda Allen  
Thomas Brandt  
David Brinkley  
Jamaal Craddock

James Daly  
Kenneth Haines  
Sheila Hill  
Richard Norman  
Douglas Prouty  
Michael Stafford, Jr.

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary

Andrew Palmer  
Angie Jenkins  
Anne Gawthrop  
Chandra Puranam  
David Rongione

Greg Busch  
Janet Sirkis  
Ken Reott  
Kim O'Keeffe  
Megan Myers

Melody Countess  
Patricia Fitzhugh  
Robert Diehl  
Toni Voglino  
Van Lewis

Assistant Attorneys General present included: Rachel Cohen, Alex Harisiadis, Emily Spiering and Kathleen Wherthey

Other attendees included: Justin Hayes and Alex Butler (Comptroller's Office)

On a motion made by Mr. Brandt and seconded by Mr. Craddock, the Board returned to open session at 10:51 a.m., via a video/audio conference call.

**OPEN SESSION**

The Trustees present included:

Peter Franchot, Chairman, Presiding  
Linda Allen  
Thomas Brandt  
David Brinkley  
Jamaal Craddock

James Daly  
Kenneth Haines  
Sheila Hill  
Richard Norman  
Douglas Prouty  
Michael Stafford, Jr.



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

**ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
APRIL 5, 2022**

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Jonathan Martin
Linda Allen	Marc Nicole
Thomas Brandt	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Greg Busch	Michael Golden	Andrew Palmer
Robert Diehl	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Megan Myers	David Rongione
Anne Gawthrop	Van Lewis	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen, Alex Harisiadis, Emily Spiering and Kathleen Wherthey

Other attendees included: Laura Atas (Treasurer's Office)

2022 Legislation

**THIS MATTER WILL BE DISCUSSED OUTSIDE THE CONSENT AGENDA IN OPEN SESSION.**

Ms. Anne Gawthrop provided the Committee an updated overview of the 2022 pension related legislation introduced to the General Assembly since the March Board of Trustees meeting.

Member Services  
Update

Mr. Reott provided a Member Services update, reporting that while the unit continues to fall short of their performance goal, the performance rates were favorable over last year's number with an abandonment rate of 13.06% and average call wait time of 254 seconds. He indicated that the unit received 84,615 calls year-to-date, which is a decrease of about 7% from last year's numbers. However, there has been a 9% increase in the amount of correspondence that the unit has received year-to-date.

Mr. Reott reported that staff initiated a strategy to help improve the performance numbers, which included reducing the number of calls, increasing staff and improving staff performance. Mr. Reott provided an update on that strategy measure reporting that the numbers show that more members are using the *mySRPS* portal to self-handle requests, staff has been reviewing agency forms to improve them for member use and staff continues to roll-out *mySRPS* registration letters to the vested members.

Mr. Reott reported that the Agency's request for additional positions for the member services unit was denied. However, he moved four positions from other units, within the Agency, to the member services unit. In addition, the Agency has been able to hire someone to fill a manager position within that unit and two additional Supervisor positions will be filled by the end of April. Mr. Reott reported that four new retirement specialists are currently in training and will be able to transition over to the call center between mid-May and mid-June.

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
APRIL 5, 2022***

Mr. Brandt asked why the Agency's request for additional positions was denied.

Mr. Noven responded that the Department of Budget and Management expects the Agency to fill existing vacancies before it will approve the additional positions.