

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

July 26, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call, beginning at 9:33 a.m.

The Trustees present included:

Peter Franchot, Chairman, Presiding
Dereck Davis, Vice Chairman
Linda Allen
Thomas Brandt
David Brinkley
Jamaal Craddock
James Daly
Kenneth Haines

Sheila Hill
Michael Howard
Richard Norman
Douglas Prouty
Robert Sandlass
Michael Stafford, Jr.

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

Andrew Palmer	Ken Reott	Robert Diehl
Angie Jenkins	Michael Golden	Tom Montanye
Anne Gawthrop	Mimi Forbes	Toni Voglino
Dave Rongione	Patricia Fitzhugh	Chris Mannino (live stream)
Janet Sirkis		

Assistant Attorneys General present included: Tea Carnell, Rachel Cohen, Alex Harisiadis and Emily Spiering

Other attendees included: Justin Hayes (Comptroller's Office); Jonathan Martin (Treasurer's Office); and Paul Goodrich, Laborers' New England Region Organizing Fund

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|-----------------------|---|
| Call Meeting to Order | Comptroller Franchot, Chairman of the Board of Trustees, having established that there was a quorum present, called the meeting to order. |
| Public Comment | <p>Paul Goodrich from the Laborers' New England Region Organizing Fund (LNERO) addressed the Board of Trustees regarding the investment risks associated with Feeney Brothers, a major gas utility contractor in the Boston metropolitan area and a subsidiary of Artera, a portfolio company of Clayton, Dubilier, and Rice (CD&R) Fund X and how it effects its workers.</p> <p>Comptroller Franchot asked Andy Palmer, the System's Chief Investment Officer, to follow up on this matter and reach out to representatives of LNERO.</p> <p>Mr. Prouty asked that Mr. Palmer and his staff take this matter into consideration.</p> <p>Mr. Daly requested a written reply from Artera.</p> |
| Consent Agenda | <p>Mr. Howard requested that the June 21, 2022 open session meeting minutes be amended to reflect that he attended the June meeting of the Board of Trustees.</p> <p>On a motion made by Mr. Prouty and duly seconded, the Board approved the consent agenda, which included:</p> <ul style="list-style-type: none">• June 21, 2022 Open Meeting Board, with amendments. |

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Appointment of
Committee
Members

The Board was presented with proposed Committee assignments for the term August 1, 2022 to July 31, 2023.

On a motion made by Mr. Daly and seconded by Mr. Prouty, the Board approved the following Committee assignments:

Administrative Committee

- Kenneth Haines, Chairman
- Richard Norman, Vice Chairman
- Linda Allen
- Thomas Brandt
- David Brinkley (or Designee)
- Jamaal Craddock
- Dereck Davis (or Designee)
- Robert Sandlass

Audit Committee

- Richard Norman, Chairman
- Thomas Brandt, Vice Chairman
- Jamaal Craddock
- Kenneth Haines
- Michael Howard
- Robert Sandlass
- Matthew Wyskiel

Corporate Governance and Securities Litigation Committee

- Douglas Prouty, Chairman
- Sheila Hill, Vice Chairman
- Thomas Brandt
- David Brinkley
- James Daly
- Michael Howard
- Matthew Wyskiel

Investment Committee

- Michael Stafford, Chairman
- David Brinkley, Vice Chairman
- Linda Allen
- James Daly
- Dereck Davis
- Peter Franchot
- Sheila Hill
- Richard Norman
- Douglas Prouty
- 3 Public Advisors

Subsequently, Trustee Wyskiel was removed from both the Audit and Corporate Governance and Securities Litigation Committees at his request.

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CIO Report

Mr. Palmer reported that for the month of May, 2022 the fund performance was slightly positive by 23 basis points (0.23%), in line with the benchmark. Fiscal-year-to-date performance was essentially flat but trailing the benchmark by approximately 1%.

Mr. Palmer reported that for the month of June markets were down, with stocks down 8% and preliminary estimates for the System the fund approximately down 3%. Mr. Palmer indicated that a report from Pensions & Investments (P&I) shows that for the small number of funds reporting, pension fund performances are between -11% and .3%, so that System is holding up well relative to our peers.

Mr. Daly asked if there were any significant changes in the portfolio asset allocations considering market actions.

Mr. Palmer responded no, not at this time.

Mr. Palmer reported that the minutes reflect that Trustee Daly, at the June Board meeting, expressed his concerns regarding the goals of the Investment Division section of the Business Plan and that staff was asked to work with Trustee Daly to draft new language. Mr. Palmer reported that while staff was able to work with Trustee Daly on new language, the proposed language was not drafted in time to present to the Board today. Mr. Palmer indicated that the proposed language would be brought to the Board for its review at the August meeting.

Mr. Palmer reported the Board was previously presented with and approved staff's request to create a Senior Governance Officer position within the Investment Division. In order to recruit qualified candidates, the position description was modeled after a Senior Portfolio Manager position, who is eligible for incentive compensation.

Mr. Palmer clarified that it was staff's intent that the position would be eligible for incentive compensation indicated that at the time the Board approved the Senior Governance Officer position. To communicate clearly with candidates, he would like the record to recognize this as part of the original approval.

Comptroller Franchot commented that unless there was any objection from the Board, the position should be eligible for incentive compensation. There was no objection.

Mr. Palmer commented on the public comment from Mr. Goodrich, indicating that staff would go back to speak with CD&R, as the issues raised at today's public comment period were different than the issues raised in the last conversation staff had with the union and the letter provided.

Executive
Director's Report

Mr. Noven reported that staff has been looking into other platforms to conduct Board and Committee meetings, without the need to livestream each meeting, and feels that WebEx will better meet our needs. Mr. Noven reported that staff will be trying WebEx beginning with the August meeting.

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Mr. Haines commented that he, as Chairman, is open to testing WebEx at the August Administrative Committee meeting.

On a motion made by Mr. Daly and seconded by Mr. Brandt, the Board voted to meet in a Closed Session, beginning at 9:55 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;
- 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;
- c) reviewing a confidential schedule of fees and carried interest associated with the System's private market investments, 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., § 4-335, requiring the denial of inspection of confidential commercial information, confidential financial information, and trade secrets provided by any person to a governmental unit; and
- d) discussing a class action securities fraud case, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice, and General Provisions Art., § 3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

CLOSED SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding
Dereck Davis, Vice Chairman
Linda Allen
Thomas Brandt
David Brinkley
Jamaal Craddock
James Daly
Kenneth Haines

Sheila Hill
Michael Howard
Richard Norman
Douglas Prouty
Robert Sandlass
Michael Stafford, Jr.

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

Andrew Palmer	Dave Rongione	Michael Golden
Angie Jenkins	Janet Sirkis	Patricia Fitzhugh
Anne Gawthrop	Ken Reott	

Assistant Attorneys General present included: Tea Carnell, Rachel Cohen, and Emily Spiering

Other attendees included: Justin Hayes (Comptroller's Office) and Jonathan Martin (Treasurer's Office)

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On a motion made by Mr. Daly and seconded by Mr. Brandt, the Board returned to open session beginning at 10:06 a.m., via a video/audio conference call.

OPEN SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding
Dereck Davis, Vice Chairman
Linda Allen
Thomas Brandt
David Brinkley
Jamaal Craddock
James Daly
Kenneth Haines

Sheila Hill
Michael Howard
Richard Norman
Douglas Prouty
Robert Sandlass
Michael Stafford, Jr.

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

Andrew Palmer	Dave Rongione	Michael Golden
Angie Jenkins	Janet Sirkis	Patricia Fitzhugh
Anne Gawthrop	Ken Reott	

Assistant Attorneys General present included: Tea Carnell, Rachel Cohen, and Emily Spiering

Other attendees included: Justin Hayes (Comptroller's Office) and Jonathan Martin (Treasurer's Office)

During closed session, the Board of Trustees discussed the matters identified in the motion to meet in closed session, and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the June 21, 2022 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from June 22, June 30, July 6, July 14 and July 20, 2022.

Adjournment

There being no further business before the Board, on a motion made by Mr. Norman and seconded by Mr. Prouty, the meeting adjourned at 10:07 a.m.

Respectfully submitted,



Martin Noven
Secretary to the Board