

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

September 19, 2023

The Board of Trustees for the Maryland State Retirement and Pension System convened, via a hybrid in-person meeting and video/audio conference call at 120 E. Baltimore Street, 16th Floor, Baltimore, Maryland, beginning at 1:37 p.m.

The Trustees present included:

Dereck Davis, Chair, Presiding	Sheila Hill
Brooke Lierman, Vice-Chair (in person)	Michael Howard (in person)
Linda Allen (in person)	Richard Norman
Jamaal Craddock	Mia Pittman (in person)
James Daly (in person)	Douglas Prouty (in person)
Ayana English-Brown (in person)	Michelle RhodesBrown (in person)
Helene Grady (in person)	Robert Sandlass (in person)
	Matthew Wyskiel

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

Andy Palmer (in person)	Derrick Johnson (in person)	Melody Countess (in person)
Angie Jenkins (in person)	Dominique Cherry (in person)	Michael Golden (in person)
Anne Gawthrop (in person)	Harris Kaplan	Tom Montanye
Bob Diehl	Janet Sirkis (in person)	Toni Voglino
Chandra Puranam	Kim O’Keeffe (in person)	
Dave Rongione	Megan Myers	

Assistant Attorneys General present, in-person, included: Rachel Cohen, Emily Spiering, and Alex Harisiadis

Other attendees included: Jon Martin and Megan Schutz (Treasurer’s Office); Devaughn Blackburn (in-person) and Dani DiPietro (Comptroller’s Office); Brad Armstrong, Jeff Tebeau (in-person) and Brian Murphy (GRS); Philip Anthony (in-person); Joe Gutberlet, John Pepys, Michael Rubenstein, Rick Sullivan and Tyler Babich.

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| Call Meeting to Order | Having established that there was a quorum present Treasurer Davis called the meeting to order. |
| Consent Agenda | On a motion made by Mr. Norman and seconded by Mr. Prouty, the Board approved the consent agenda, which included: <ul style="list-style-type: none">• August 15, 2023 Open Meeting Board minutes.• September 5, 2023 Administrative Committee Meeting Summary |
| Presentation by GRS regarding the FY23 Valuation Preliminary Results | Brad Armstrong, Jeff Tebeau, and Brian Murphy from Gabriel Roeder Smith & Co. (GRS), the System’s actuarial firm presented the preliminary results of the FY23 valuation and indicated that GRS would be back in October to present the final valuation for recommended employer contribution rates for the Board’s consideration and certification. |
| Appointment of Administrative Committee Members | As mandated by the Board Operations Policy, the Board of Trustees must appoint members and officers for a term of one year. The Board was provided with a proposed list of committee members, including proposals for a Chair and Vice Chair.

On a motion made by Mr. Prouty and seconded by Ms. English-Brown, the Board approved the proposed Administrative Committee assignments, as follows: <ul style="list-style-type: none">• Richard Norman, Chair• Linda Allen, Vice Chair |

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

September 19, 2023

- Jamaal Craddock
- Dereck Davis (or Designee)
- Ayana English-Brown
- Helene Grady (or Designee)
- Robert Sandlass

Appointment of
Members of the
Audit Committee

As mandated by the Board Operations Policy, the Board of Trustees must appoint members and officers for a term of one year. The Board was provided with a proposed list of committee members, including proposals for a Chair and Vice Chair.

Treasurer Davis requested, with Mr. Sandlass' consent, that the Audit Committee membership be amended to include him. Mr. Sandlass agreed to be a member of the Audit Committee.

On a motion made by Comptroller Lierman and seconded by Mr. Sandlass, the Board approved the proposed membership of the Audit Committee, as follows:

- Mia Pittman, Chair
- Michael Howard, Vice Chair
- Linda Allen
- Jamaal Craddock
- Richard Norman
- Robert Sandlass

Appointment of
Corporate
Governance and
Securities
Litigation
Committee
Members

As mandated by the Board Operations and the Securities Litigation Policies, the Board of Trustees must appoint members and officers for a term of one year. The Board was provided with a proposed list of committee members, including proposals for a Chair and Vice Chair.

On a motion made by Mr. Prouty and seconded by Mr. Norman, the Board approved the proposed Corporate Governance and Securities Litigation Committee assignments, as follows:

- Douglas Prouty, Chair
- Sheila Hill, Vice Chair
- James Daly
- Helene Grady (or Designee)
- Michael Howard
- Brooke Lierman (or Designee)
- Michelle RhodesBrown
- Robert Sandlass

Appointment of
Investment
Committee
Members

In accordance with State Personnel and Pensions Art., § 21-115(a)(2)(b)&(d), the Board of Trustees must appoint annually from its membership an Investment Committee. As mandated by the Board Operations Policy, the Board of Trustees must appoint members and officers for a term of one year. The Board was provided with a proposed list of committee members, including proposals for a Chair and Vice Chair.

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

September 19, 2023

On a motion made by Mr. Norman and seconded by Ms. Allen, the Board approved the proposed Board approved the proposed Investment Committee assignments, as follows:

- Michael Howard, Chair
- James Daly, Vice Chair
- Dereck Davis (or Designee)
- Helene Grady (or Designee)
- Sheila Hill
- Brooke Lierman (or Designee)
- Richard Norman
- Douglas Prouty
- Michelle RhodesBrown
- 3 Public Advisors

Open Meetings Act
Training
Designation

Mr. Noven reported that the Open Meeting Act requires that a least one staff member and one trustee certified as completing the training be in attendance at all board and committee meetings. Mr. Noven reported that staff will be sending out to the newly appointed Chairs and Vice Chairs, a link the Open Meetings Act training.

Ms. Cohen commented that once a Trustee completes the training, they will be issued a certificate of completion. Ms. Cohen reported that the Open Meetings Act requires that the agency retain a copy of each certificate and requested that a copy of the certificate be forwarded to Mr. Noven for record-keeping purposes.

Proposed Date
Change for
November Board
Meeting

Mr. Noven reported that due to staff's misunderstanding of a recent request regarding the November Board meeting date, moving the date was no longer an issue. Therefore, unless there were any other objections by the Board, the meeting would remain on Tuesday, November 21, 2023. No objections were made.

Recommendation
of the
Administrative
Committee
regarding the
Agency's FY25
Budget Proposal

The Board was presented with a copy of the Agency's Budget Request for Fiscal Year (FY) 2025.

The Agency's proposed budget included the following eight "over the target" requests for consideration:

- Member Services' Administrator Position (\$164,313)
- Additional Benefits Administration Contractual Personnel Resources (\$200,957)
- Replace the Agency's firewall (\$207,540)
- Additional Permanent Finance Division Personnel Resources (\$382,825)
- Additional Business Operations Office Personnel Resources for Education and Training Unit. (\$99,710)
- Director of Systems Development Manager Position (\$129,512)
- Enhance the Agency's Professional Information Technology Services (\$1,249,590)
- Replace Critical Agency Database Servers (\$580,000)

On a motion made by Mr. Norman and seconded by the Administrative Committee, the Board of Trustees approved the FY25 Budget Proposal, as presented. Secretary Grady abstained.

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

September 19, 2023

Recommendation
of the Investment
Committee
regarding the
Investment
Division's FY25
Budget Proposal

The Board was provided with both information and a request regarding the Investment Division's FY25 budget proposal.

The Investment Division's \$24.2 million budget request is 10% more than the \$22.0 million that was approved for FY24. The increase is mostly due to higher costs associated with compensation and benefits and assumes salary adjustments based on employment cost inflation in fiscal years 2024 and 2025.

In addition, the FY25 budget request also reflects Board approval of four new junior-level Associate positions, and an estimate for incentive compensation based on the plan approved by the Board in 2019.

On a motion made by Mr. Daly and seconded by the Investment Committee, the Board approved the Investment Division's FY25 Budget Proposal, as presented.

Recommendation
of the Investment
Committee
regarding the
Contract Extension
for State Street

The Board was provided with a memorandum from Andy Palmer, CIO recommending the renewal of the Global Custody Services Agreement with State Street Bank & Trust Company for one year following the expiration of the initial five-year term on February 28, 2023.

On a motion made by Mr. Daly and seconded by the Investment Committee, the Board approved staff's recommendation for a one-year extension of the Global Custody Services Agreement with State Street, effective March 1, 2024 through February 28, 2025.

Recommendation
of the Corporate
Governance and
Securities
Litigation
Committee
regarding the Iran-
Sudan Divestment

The Board was provided with a memorandum, the Maryland State Retirement and Pension System's recommended Iran and Sudan Restricted List, Meketa's Iran and Sudan Divestment Impact Analysis of all companies on the July 1, 2023, MSCI ESG Iran-Sudan Focus List; and the Maryland Iran and Sudan divestment statute.

Based on staff's review of the information provided by the MSCI ESG Research, it is recommended that PERSEUS MINING LIMITED be added to the Iran and Sudan Restricted List.

On a motion made by Mr. Prouty and seconded by the Corporate Governance and Securities Litigation Committee, the Board approved the recommended Iran and Sudan Restricted List, as presented.

Recommendation
of the Corporate
Governance and
Securities
Litigation
Committee
regarding the
Russia Divestment

The Board was provided with a memorandum, the Maryland State Retirement and Pension System's recommended Russia Restricted List, Meketa's Russia Divestment Impact Analysis of all companies on the July 1, 2023, Russia Focus List; and the Maryland divestment statute.

Staff confirms that all companies noted on the recommended Russia restricted list meet the divestment requirements of the Maryland divestment statute, SPP.

On a motion made by Mr. Prouty and seconded by the Corporate Governance and Securities Litigation Committee, the Board approved the recommended Russia Restricted List, as presented.

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

September 19, 2023

Recommendation of the Corporate Governance and Securities Litigation Committee regarding IPM Changes – Engagement Policy	The Board was provided with a memorandum regarding recommended changes to the Investment Policy Manual (IPM) and a red-lined version of the IPM outlining those recommended changes, which were presented to and approved by the Corporate Governance and Securities Litigation Committee for recommendation to the Board.
	On a motion made by Mr. Prouty and seconded by the Corporate Governance and Securities Litigation Committee, the Board approved the recommended changes to the IPM, as presented.

CIO Report	Mr. Palmer provided the Board with two fund tear sheets and reported that the final July performance shows that the fund market value was \$65.7m, up 1.26% for the month and 1.26% fiscal year to date. The benchmark was up 0.98% fiscal year to date. The August preliminary tear sheet shows the fund value at \$64.9m, down -0.83% for the month, but still positive 0.42% fiscal year to date.
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Executive Director's Report	Mr. Noven acknowledged and welcomed, in-person, the three new Trustees to the Board, Ayana English-Brown, Mia Pittman and Michelle RhodesBrown.
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Mr. Noven advised the Board on several personnel changes, reporting that Angie Jenkins has accepted a promotional position with another State agency, Janet Sirkis will be retiring on December 1, 2023 and Mike Golden will be retiring on January 1, 2024. Mr. Noven reported that he is working with human resources to issue postings for those positions.

In addition, Mr. Noven reported that staff is working with a Lysie Hall from Anne Arundel County, who previously helped with the agency's leadership and team-building training, and who is now working with the investment team and assisting with the restructuring of the agency's member services unit among other duties.

On a motion made by Mr. Prouty and seconded by Ms. Allen, the Board voted to meet in a Closed Session, beginning at 2:56 p.m., via a hybrid in-person meeting and video/audio conference call at 120 E. Baltimore Street, 16th Floor, Baltimore, Maryland, 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;

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

September 19, 2023

- c) discussing the award of financial incentives for certain employees of the Investment Division, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction;
- d) discussing the award of financial incentives for the Chief Investment Officer, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction; and
- e) conducting an evaluation of the Chief Investment Officer's performance, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction.

CLOSED SESSION

The Trustees present included:

Dereck Davis, Chair, Presiding
Brooke Lierman, Vice-Chair (in person)
Linda Allen (in person)
Jamaal Craddock
James Daly (in person)
Ayana English-Brown (in person)
Helene Grady (in person)

Sheila Hill
Michael Howard (in person)
Richard Norman
Mia Pittman (in person)
Douglas Prouty (in person)
Michelle RhodesBrown (in person)
Robert Sandlass (in person)
Matthew Wyskiel

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

Andy Palmer (in person, items a-c only)
Angie Jenkins (in person)
Derrick Johnson (in person, items a-c only)

Janet Sirkis (in person)
Kim O'Keeffe (in person, items a-c only)

Assistant Attorneys General present, in-person, included: Rachel Cohen

Other attendees included: Jon Martin (Treasurer's Office)

On a motion made by Mr. Daly and second by Mr. Prouty, the Board returned to open session beginning at 3:06 p.m., via a hybrid in-person meeting and video/audio conference call at 120 E. Baltimore Street, 16th Floor, Baltimore, Maryland.

OPEN SESSION

The Trustees present included:

Dereck Davis, Chair, Presiding
Brooke Lierman, Vice-Chair (in person)
Linda Allen (in person)
Jamaal Craddock
James Daly (in person)
Ayana English-Brown (in person)
Helene Grady (in person)

Sheila Hill
Michael Howard (in person)
Richard Norman
Mia Pittman (in person)
Douglas Prouty (in person)
Michelle RhodesBrown (in person)
Robert Sandlass (in person)
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MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

September 19, 2023

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary
 Andy Palmer (in person, items a-c only) Janet Sirkis (in person)
 Angie Jenkins (in person) Kim O’Keeffe (in person, items a-c only)
 Derrick Johnson (in person, items a-c only)

Assistant Attorneys General present, in-person, included: Rachel Cohen

Other attendees included: Jon 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 August 15, 2023 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from August 16, August 24, August 30, September 7 and September 13, 2023.
Financial Incentive Compensation for Certain Employees of the Investment Division	The Board voted to approve the financial incentive compensation for certain employees of the Investment Division, as presented.
Financial Incentive Compensation for the Chief Investment Officer	The Board voted to approve the financial incentive compensation for the Chief Investment Officer, as presented.
Chief Investment Officer’s Performance Evaluation Review	The Board reviewed and accepted the performance evaluation of the Chief Investment Officer.

Adjournment There being no further business before the Board, on a motion made by Ms. English-Brown and seconded by Mr. Daly, the meeting adjourned at 3:07 p.m.

Respectfully submitted,



Martin Noven
Secretary to the Board