

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

September 20, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via a WebEx video/audio conference call, beginning at 2:00 p.m.

The Trustees present included:

Peter Franchot, Chairman, Presiding	Jonathan Martin (Designee for Dereck Davis)
Linda Allen	Richard Norman
Thomas Brandt (in person)	Douglas Prouty
Jamaal Craddock	Robert Sandlass (in person)
Kenneth Haines	Michael Stafford, Jr.
Sheila Hill (in person)	Matthew Wyskiel
Michael Howard	

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

Andrew Palmer (in person)	Dave Rongione	Patricia Fitzhugh
Angie Jenkins (in person)	Janet Sirkis	Robert Diehl
Anne Gawthrop	Ken Reott	Tom Montanye
Benjamin Robb	Melody Countess	Toni Voglino (in person)
Chandra Puranam	Michael Golden	

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

Other attendees included: Justin Hayes (Comptroller's Office); Brad Armstrong, Brian Murphy, Jeff Tebeau and Amy Williams (GRS); Phillip Anthony, Michael Rubenstein, Michael Wayys, June Chung, Tyler Baich

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.
Consent Agenda	On a motion made by Mr. Prouty and seconded by Ms. Hill, the Board approved the consent agenda, which included: <ul style="list-style-type: none">• August 16, 2022 Open Meeting Board minutes.• September 6, 2022 Administrative Committee Meeting Summary
Presentation by GRS regarding the FY22 Valuation Preliminary Results	Brad Armstrong, Jeff Tebeau, Brian Murphy and Amy Williams from Gabriel Roeder Smith & Co. (GRS), the System's actuarial firm presented the preliminary results of the FY22 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.
Recommendation of the Administrative Committee regarding the Agency's FY24 Budget Proposal	<p>The Board was presented with a copy of the Agency's Budget Request for Fiscal Year (FY) 2024.</p> <p>The Agency's proposed budget makes four "over the target" requests as follows:</p> <ul style="list-style-type: none">➤ Replacement backup and recovery solution with technology resources to support improved member service. (\$347,000)➤ Four (4) additional Benefits Administration regular positions. (\$311,967)➤ One (1) additional Business Operations Office regular position. (\$99,710)➤ Funding for software support plans from Workiva and Traverse. (\$127,500) <p>On a motion made by Mr. Haines and seconded by the Committee, the Board of Trustees approved the FY24 Budget Proposal, as presented.</p>

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

September 20, 2022

- | | |
|--|--|
| Recommendation of the Investment Committee regarding the Investment Division's FY23 Budget Proposal | <p>The Board was provided with both information and a request regarding the Investment Division's FY24 budget proposal.</p> <p>The Investment Division's \$22.01 million budget request is 13% more than the \$19.5 million that was approved for FY23. The increase is mostly due to higher costs associated with compensation and benefits as eligible staff, particularly legacy employees (incumbent as of 2018) who have been subject to the 10% cap on annual salary increases, progress toward the salary range midpoints set by the Board.</p> <p>In addition, the FY24 budget request also reflects Board approval of two new positions, an Investment Accountant and Chief Operations Officer, as well as a relationship management software service.</p> <p>On a motion made by Mr. Stafford and seconded by the Investment Committee, the Board approved the Investment Division's FY24 Budget Proposal, as presented.</p> |
| Recommendation of the Investment Committee regarding the Contract Extension for State Street | <p>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.</p> <p>On a motion made by Ms. Hill and seconded by Mr. Brandt, the Board approved staff's recommendation for a one-year extension of the Global Custody Services Agreement with State Street, effective March 1, 2023 through February 29, 2024.</p> |
| Recommendation of the Corporate Governance and Securities Litigation Committee regarding the Iran-Sudan Divestment | <p>Toni Voglino, Senior Compliance Officer provided to the Board background information on the 2008 Divestiture from Iran and Sudan Act, as well as copies of 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, 2022, 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, there are no new companies that meet the divestment requirements of the Iran and Sudan Divestment Statute that should be added to the Iran and Sudan Restricted List at this time.</p> <p>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.</p> |
| CIO Report | <p>Mr. Palmer reported that the preliminary fund performance numbers for August, 2022 were not yet available. However, he provided final fund performance tear sheets for June and July. The June tear sheet showed the fund value at \$64.6 billion, with a fund return of -2.95% and a policy benchmark of -4.53%. The July tear sheet showed the fund value at \$65.9 million with a positive fund return of 2.38% and a policy benchmark return of 2.69%.</p> |
| Executive Director's Report | <p>Mr. Noven reported that approximately 200,000 post cards have been mailed to members informing them that their 2022 Personal Statement of Benefits (PSB) are now available to view on the <i>mySRPS</i> member portal. Mr. Noven reported that the post cards contain a phone number for members to call and a dedicated phone line, to request to receive a copy of their PSB by mail.</p> |

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

September 20, 2022

Mr. Noven reported that the construction project is still underway but believes that the 12th (Investment Division) and 13th (Information Systems) floors will be completed in the next two months. Mr. Noven also reported that renovation to the Boardroom will begin in January, with new TVs and cameras, which will help with the functionality of in-person and hybrid meetings.

Other Business

Prior to entering closed session, Ms. Cohen reported that discussions regarding the following closed session items were being deferred until the October 18, 2022 Board of Trustees Meeting:

- Recommendation of the Investment Committee regarding salary adjustments for certain employees of the Investment Division;
- Recommendation of the Investment Committee regarding financial incentive compensation for certain employees of the Investment Division; and
- Recommendation of the Investment Committee regarding financial incentive compensation for the Chief Investment Officer.

On a motion made by Mr. Prouty and seconded by Mr. Howard, the Board voted to meet in a Closed Session, beginning at 2:34 p.m., via a WebEx 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; and
- c) 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 had jurisdiction.

CLOSED SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding
Linda Allen
Thomas Brandt (in person)
Jamaal Craddock
Kenneth Haines
Sheila Hill (in person)
Michael Howard

Jonathan Martin (Designee for Dereck Davis)
Richard Norman
Douglas Prouty
Robert Sandlass (in person)
Michael Stafford, Jr.
Matthew Wyskiel

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

September 20, 2022

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary
 Andrew Palmer (in person) Dave Rongione (items a&b only) Ken Reott (items a&b only)
 Angie Jenkins (in person) Janet Sirkis (items a&b only)

Assistant Attorneys General present included: Rachel Cohen

Other attendees included: Justin Hayes (Comptroller's Office) (items a&b only)

On a motion made by Ms. Hill and seconded by Mr. Prouty, the Board returned to open session beginning at 2:39 p.m., via a WebEx video/audio conference call.

OPEN SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding	Jonathan Martin (Designee for Dereck Davis)
Linda Allen	Richard Norman
Thomas Brandt (in person)	Douglas Prouty
Jamaal Craddock	Robert Sandlass (in person)
Kenneth Haines	Michael Stafford, Jr.
Sheila Hill (in person)	Matthew Wyskiel
Michael Howard	

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary
 Andrew Palmer (in person) Angie Jenkins (in person)

Assistant Attorneys General present included: Rachel Cohen

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 16, 2022 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from August 17, August 31, September 8 and September 14, 2022.
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 Mr. Prouty and duly seconded, the meeting adjourned at 2:39 p.m.

Respectfully submitted,



Martin Noven
Secretary to the Board

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

**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 6, 2022**

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	David Brinkley
Richard Norman, Vice Chairman	Jamaal Craddock
Linda Allen	Dereck Davis
Thomas Brandt	Robert Sandlass

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

Melody Countess	Harris Kaplan	Chandra Puranam
Robert Diehl	Van Lewis	Ken Reott
Patricia Fitzhugh	Tom Montanye	Ben Robb
Anne Gawthrop	Megan Myers	David Rongione
Michael Golden	Kim O’Keeffe	Karen Simpson
Angie Jenkins	Andy Palmer	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Jonathan Martin, Laura Atas, Val Kwiatkowski and Megan Schutz (Treasurer’s Office), Michael Rubenstein and Aatka Qadri

2023
Administrative
Committee
Meeting
Dates

On a motion made by Mr. Norman and seconded by Mr. Brandt, the Administrative Committee approved the 2023 Administrative Committee Meeting dates, as follows:

Tuesday, February 7, 2023	Tuesday, March 7, 2023
Tuesday, April 4, 2023	Tuesday, June 6, 2023
Tuesday, August 1, 2023	Tuesday, September 5, 2023
Tuesday, October 3, 2023	Tuesday, December 5, 2023

FY24 Budget
Proposal

THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE OF THE CONSENT AGENDA IN OPEN SESSION.

Mr. Noven, along with Van Lewis presented the Agency’s Budget Request for Fiscal Year (FY) 2024.

Mr. Noven reported that the Agency’s proposed budget also makes four “over the target” requests as follows:

- Replacement backup and recovery solution with technology resources to support improved member service. (\$347,000)
- Four (4) additional Benefits Administration regular positions. (\$311,967)
- One (1) additional Business Operations Office regular position. (\$99,710)
- Funding for software support plans from Workiva and Traverse. (\$127,500)

On a motion made by Mr. Brandt and seconded by Ms. Allen, the Administrative Committee approved, for recommendation to the Board of Trustees, the FY24 Budget Proposal, as presented.

BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 6, 2022

Finance
Reports
Quarter
Ending June
30, 2022

Mr. Lewis presented the Administrative Expenses report for the quarter ending June 30, 2022. Mr. Lewis reported that the Agency expended 99.53% of its available appropriation, with a year-end surplus of approximately \$130,420.

Mr. Lewis reported that DBM was instrumental in helping the Agency achieve this year-end surplus with the end-of-year assistance in covering the Agency's year-end deficit in healthcare costs (\$223k). The agency also absorbed approximately \$700k in non-budgeted lease expansion costs during FY22, and costs are continuing into FY23.

Mr. Lewis reported that the following items also contributed to the year-end surplus:

- Contractual P/R & Tech Support – \$212k
- Communications – \$170k
- Travel – \$49k

Mr. Lewis presented the MBE Performance Report for the quarter ending June 30, 2023. Mr. Lewis reported that MBE performance was 27.37%, falling slightly short of the overall minimum MBE performance goal of 29.0%.

Mr. Lewis reported that the agency processed thirty-nine (39) qualifying purchase orders and three (3) blanket purchase orders totaling \$4,233,223 during FY2022. Twenty-eight (28) of these purchase orders were processed from statewide contracts managed by the Department of Information and Technology, yielding \$223,467 in MBE participation dollars. Three (3) other purchase orders and one (1) blanket purchase order, not related to statewide contracts, contributed an additional \$984,950 in MBE participation dollars, bringing the total to \$1,208,417 for the fiscal year. Mr. Lewis reported that \$816k of that amount is attributed to one multi-year internal auditing contract that was established at the end of fiscal year 2022. Qualifying non-MBE procurements increased at a greater rate than procurements with MBE participation during the fourth quarter, resulting in a dilution of the MBE participation rate reported during the third quarter.

Member
Services
Update

Mr. Reott provided a Member Services update to the Committee. Mr. Reott indicated that he modified the report to remove non-quantitative information, such as survey results and add in information and statistics that the Committee has expressed interest in, such as staffing information.

Mr. Reott reported that with the modification of the report, the final report submitted to the Committee contained an error in the average call abandonment rate and the average call wait time for FY22. The FY22 average call abandonment rate through August should have been 10.04% not 15.36% with the FY23 average call abandonment rate through August of 15.41%. The FY22 average call wait time through August should have been 158 seconds not 384 seconds, with the FY23 average call wait time through August of 377 seconds.

Mr. Reott reported that the call summary section of the report reflects that the unit was offered 24,150 calls in the first two months of FY23. July retirements and the cost-of-living increase were hot topics which increased the number of calls into the unit. Mr. Reott reported that staff added a column to that section of the report, which now shows the average number of staff on the phones during those months. In July there was an

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
SEPTEMBER 6, 2022***

average of 9.69 staff on the phones and in August an average of 10.6 staff on the phone at any given time.

Mr. Reott reported that the launch of two new systems within the MPAS reengineering project, one for direct deposit requests and the other for refund processing, should help with reducing the number of calls to the call center. However, with the implementation of the new W-4P federal tax withholding form from the IRS, which is more complicated than the current form, more calls could be generated after the new form goes into effect as of January 1, 2023.