

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

October 18, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via a WebEx video/audio conference call, beginning at 1:01 p.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.
Matthew Wyskiel

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

Andrew Palmer	Janet Sirkis	Michael Golden
Angie Jenkins	Ken Reott	Patricia Fitzhugh
Anne Gawthrop	Kim O’Keeffe	Robert Diehl
Dave Rongione	Megan Myers	Tom Montanye
Harris Kaplan	Melody Countess	

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Jon Martin, Laura Atas and Megan Schutz (Treasurer’s Office); Brian Murphy and Jeff Tebeau (GRS); Phillip Anthony, Michael Rubenstein, June Chung, Tyler Babich; Sara Al-Moukadem; Jennifer Jefferson; David Barry; DaVaughn Parker and Kevin Balaod

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 Mr. Norman, the Board approved the consent agenda, which included:

- September 20, 2022 Open Meeting Board minutes.
- October 4, 2022 Administrative Committee Meeting Summary

Proposed 2023 Meeting Schedule of the Board of Trustees The Board was provided with proposed dates for 2023 Board of Trustees Meetings.
On a motion made by Mr. Daly and duly seconded, the Board approved the 2023 Board of Trustees Meeting dates, as follows:

Tuesday, January 17, 2023	Tuesday, February 21, 2023*
Tuesday, March 21, 2023	Tuesday, April 18, 2023
Tuesday, May 16, 2023*	Tuesday, June 20, 2023
Tuesday, July 18, 2023	Tuesday, August 15, 2023
Tuesday, September 19, 2023*	Tuesday, October 17, 2023**
Tuesday, November 21, 2023*	Tuesday, December 19, 2023

*The February, May, September and November BoT meetings will begin immediately following the Investment Committee Meeting.

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

October 18, 2022

**The Board of Trustees Education Session will begin at 9:00 a.m., with a regular monthly meeting of the Board of Trustees immediately following.

Recommendation of the Administrative Committee regarding Board Requested Legislation	<p>The Board of Trustees was provided with three legislative proposals that, if approved, would be presented to the Joint Committee on Pensions (JCP) for the JCP's consideration to sponsor as legislation for the 2023 session.</p> <p>On a motion made by Mr. Haines and seconded by the Administrative Committee, the Board of Trustees voted to approve the three legislative proposals, as presented.</p>
Proposed Amendments to COMAR 22.03.04 – Procedures for Hearings by or for the Board of Trustees	<p>The Board was presented with a memorandum and proposed amendments to COMAR 22.03.04 – Procedures for Hearings by or for the Board of Trustees for its review and consideration.</p> <p>On a motion made by Mr. Haines, Chair of the Administrative Committee and seconded by the Committee, the Board of Trustees voted to adopt the proposed amendments to COMAR 22.03.04 – Procedures for Hearings by or for the Board of Trustees, by sending this amended chapter to the Administrative, Executive and Legislative Review Committee, and publishing it for comment in the Maryland Register.</p>
Final Adoption of Proposed Amendments to COMAR 22.03.01 – Election of Trustees	<p>The Board was presented with proposed amendments to COMAR 22.03.01 – Election of Trustees, which were previously adopted by the Board of Trustees for submission to the Administrative, Executive, and Legislative Review Committee, and then published in the Maryland Register for public comment. The 45-day comment period expired, and no comments were received. Therefore, the proposed amendments were being presented to the Board of Trustees for final adoption.</p> <p>On a motion made by Mr. Haines, Chair of the Administrative Committee and seconded by the Committee, the Board of Trustees, approved for final adoption, the amended regulations concerning the Election of Trustees (COMAR 22.03.01).</p>
CIO Report	<p>Mr. Palmer provided the Board with a final fund performance tear sheet for August, which showed the fund value at \$64.4 billion, with a fund return of -1.87% and a policy benchmark of -2.12%. The preliminary September tear sheet showed the fund value at \$61.3 billion with a fund return of -4.65%.</p> <p>He also provided an update on the situation with British pension funds that roiled interest rate markets and required intervention by the Bank of England. He discussed the nature of corporate plans in England vs. the United States and the reasons that a similar crisis is unlikely to happen with domestic corporate plans. Mr. Palmer concluded by explaining that public funds do not employ the types of strategies that led to troubles for the British plans.</p>
Executive Director's Report	<p>Mr. Noven reported that the Maryland Retired School Personnel Association's ("MRSPA") recruitment mailing material was included in the Board meeting book for the Board's review, as required by statute. Mr. Noven commented that Trustee Haines had preliminarily reviewed the documents and had no concerns. Mr. Noven reported that staff would provide MRSPA with the information requested.</p>

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

October 18, 2022

Presentation by
GRS regarding the
FY22 Valuation
Results and
Recommendations
for FY24
Contribution Rates

Brian Murphy and Jeff Tebeau from Gabriel Roeder Smith & Co. (GRS), the System's actuarial firm presented the results of the FY22 valuation and recommendations for FY24 employer contribution rates, for the Board's consideration and certification.

Mr. Murphy reported on the funding objectives, which showed that:

- the experience in total was unfavorable during FY22 leading to an increase in aggregate State employer contribution rates;
- upward pressure on contribution rates are expected through FY28 due to deferred asset losses;
- State systems are on a path to reach a 100% funded ratio by 2039; and
- the current funding policy will need modification to avoid volatility associated with short amortization periods.

On a motion made by Mr. Prouty and seconded by Mr. Daly, the Board certified the Fiscal Year 2024 State employer contribution rates, as follows:

Fiscal Year 2024 - State	
Teachers	14.86%
Employees	21.13%
State Police	78.68%
Judges	43.00%
LEOPS	45.89%

The Board also approved the Fiscal Year 2024 Municipal employer contribution rates, as follows:

Fiscal Year 2024 - Municipal	
Employees	7.79%
LEOPS	36.91%
CORS	11.87%

On a motion made by Mr. Haines and duly seconded, the Board voted to meet in a Closed Session, beginning at 1:48 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;

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

October 18, 2022

- c) discussing proposed salary adjustment 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 had jurisdiction;
- d) discussing the award of financial incentives for certain employees of the Investment Division, pursuant to General Provisions Art., § 3-305(b)(1)(i), 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) discussing the award of financial incentives for the Chief Investment Officer, pursuant to General Provisions Art., § 3-305(b)(1)(i), 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:

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.
Matthew Wyskiel

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

Andrew Palmer	Anne Gawthrop	Janet Sirkis
Angie Jenkins	Dave Rongione	Ken Reott

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

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

On a motion made by Secretary Brinkley and duly seconded, the Board returned to open session beginning at 1:52 p.m., via a WebEx 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.
Matthew Wyskiel

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

October 18, 2022

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary
 Andrew Palmer Janet Sirkis Michael Golden
 Angie Jenkins Ken Reott Patricia Fitzhugh
 Anne Gawthrop Kim O’Keeffe Robert Diehl
 Dave Rongione Megan Myers Tom Montanye
 Harris Kaplan Melody Countess

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Jon Martin, Laura Atas and Megan Schutz (Treasurer’s Office); Phillip Anthony, Michael Rubenstein, June Chung, Tyler Babich; Sara Al-Moukadem; Jennifer Jefferson; David Barry; DaVaughn Parker and Kevin Balaod

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 September 20, 2022 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from September 22, September 28, October 6 and October 12, 2022.
Salary Adjustments for Certain Employees of the Investment Division	The Board voted to approve the salary adjustments for certain employees of the Investment Division, as presented.
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.

Adjournment There being no further business before the Board, on a motion made by Mr. Haines and duly seconded, the meeting adjourned at 1:53 p.m.

Respectfully submitted,



Martin Noven
Secretary to the Board

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

**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 4, 2022**

The Committee Members present included:

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

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

Robert Diehl	Van Lewis	Ken Reott
Anne Gawthrop	Tom Montanye	David Rongione
Michael Golden	Megan Myers	Janet Sirkis
Angie Jenkins	Andy Palmer	
Harris Kaplan	Kim O’Keeffe	

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: David Brinkley (DBM); Jonathan Martin, Laura Atas and Megan Schutz (Treasurer’s Office); and John Pepys, Kate Kemmerer, Michael Rubenstein, Michael Wayys, Phillip Anthony and Tyler Babich.

Board
Requested
Legislation

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

Ms. Gawthrop presented a document outlining the details of the following three legislative proposals concerning Investment Division staff:

- Technical Clarification – Return of Accumulated Contributions
- Correctional Officers’ Retirement System – Modification to Chapters 218 and 219 of 2016, Chapters 688, 689, and 690 of 2017, Chapters 579 and 580 of 2018; and Chapter 147 of 2022
 - Sick Leave Correction; and
 - Opt-out Election to Move to Transfer Service to the CORS
- Administrative Fees – Amount and Timing of Billings

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

Proposed
Amendments
to COMAR
22.03.04 –
Procedures
for Hearings
by or for the
Board of
Trustees

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

On a motion made by Mr. Nicole and seconded by Ms. Allen, the Administrative Committee voted to propose for adoption the proposed amendments to COMAR 22.03.04 – Procedures for Hearings by or for the Board of Trustees, by sending this amended chapter to the Administrative, Executive and Legislative Review Committee, and publishing it for comment in the Maryland Register

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 4, 2022***

Member
Services
Update

Mr. Reott provided a Member Services performance update as of September, 2022 to the Committee.

Mr. Reott reported that at the last committee meeting, Trustee Sandlass asked for the average call-back time and if the average wait time included call-back times. Mr. Reott reported that the average wait time before the call is answered does not include callbacks and explained that the call-back time would be the same as if the member remained in the queue.

Mr. Reott reported that the FY23 average call abandonment rate is 14.49%, which is trailing last year's average of 10.98%. Mr. Reott reported that the call summary section of the report reflects that the unit was offered 35,208 calls in the first three months of FY23, which is a 5.3% increase in calls over the same period last year. The hot topics continue to be the cost-of-living increases, refunds, and direct deposit questions.

Mr. Reott reported that the correspondence section of the report reflects that the unit received 6,467 pieces of correspondence in the first three months of FY23, which is an increase of 4.5% over the same period last year.

Mr. Brandt asked about the management of the HR pipeline and the status of having people "on deck" to fill positions as they become available.

Mr. Reott responded that Mr. Noven has been working with staff at the Department of Budget and Management to get an open and continuous recruitment for those positions, as it currently takes six weeks from posting to obtain an eligibility list to recruit for each vacant position. Mr. Reott further responded that staff has also streamlined the training process for that unit and have asked for additional PINs in the FY24 budget request.