

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

December 17, 2019

The Board of Trustees for the Maryland State Retirement and Pension System convened at the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor Board Room, Baltimore, Maryland beginning at 9:32 a.m.

The Trustees present included:

Peter Franchot, Vice Chairman (via phone)	F. Patrick Hughes (via phone)
Eric Brotman (via phone)	Charles Johnson (via phone)
Jamaal Craddock (via phone)	Richard Norman, Presiding
Kenneth Haines (via phone)	Douglas Prouty (via phone)
David Hamilton	Michael Stafford (via phone)
Sheila Hill (via phone)	

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Van Lewis	Ben Robb
Anne Gawthrop	Kim O’Keeffe	David Rongione
Michael Golden	Andrew Palmer	Janet Sirkis
Ira Greenstein	Harvey Raitzyk	

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

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

- November 19, 2019 Open Meeting Board Minutes
- December 3, 2019 Administrative Committee Meeting Summary

Executive Director’s Report      Mr. Kenderdine provided a copy of the approved 2020 Board and Committee meeting dates in chart form to the Trustees.

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Mr. Kenderdine reported that the 2019 Board attendance reports and training log were included in the meeting packet for the Board’s review. Mr. Kenderdine asked that each Trustee review those pages and let Angie Jenkins know if any corrections need to be made.

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Mr. Kenderdine further reported that as part of the Board’s governance project, he, along with Chairman Kopp, are looking to revise the meeting schedule. He reported that it is possible that a certain number of the monthly Board meetings could have agendas that are limited to the approval of minutes, the approval of Medical Board reports, the CIO monthly report and the Executive Director’s monthly report. Therefore, these meetings would be brief and held via conference call. Mr. Kenderdine commented that additional information will be forthcoming.

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Mr. Kenderdine reported that there were three significant retirements this year within the Agency, Harvey Raitzyk, the Agency’s Benefits Administrator, Pat Wild from Investments and Jeanne Hammond from Finance.

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On behalf of the Board of Trustees, Trustee Norman, presented Mr. Harvey Raitzyk with a Board resolution in recognition of his 39 years of service to the System.

CIO Report      Mr. Palmer provided the Board with a performance report as of November 30, 2019, which showed the total fund value at approximately \$55.1 Billion. Mr. Palmer reported that, through November, the fund returned 0.99% for the month and 3.39% fiscal-year-to-date.

Mr. Norman asked about the absence of a benchmark number for the absolute return asset class.

Mr. Palmer responded that for the flash report the data available for the absolute return benchmark was incomplete. The first estimate is based on fewer than 10 of 60 funds and is often substantially revised by the final revision. Rather than provide information that has low information value, the report provides returns for other asset classes with their benchmarks and the absolute performance of the fund to show progress toward the 7.4% target.

Mr. Stafford asked if there was a common theme between credit and rate sensitive asset class relative performance.

Mr. Palmer responded that there was no link between the two, that for the rate sensitive portfolio, the System had less than benchmark interest rate exposure driving most of the underperformance while the credit portfolio performance was largely the result of private funds lagging public markets substantially.

Mr. Stafford asked if the interest rate positioning was a staff or manager decision.

Mr. Palmer responded that the interest rate position was the result of decisions made by staff through portfolio construction and managers in their portfolio implementation.

On a motion made by Mr. Hamilton and duly seconded, the Board voted to meet in a Closed Session, beginning at 9:49 a.m., at the Board Room of the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor Board Room, Baltimore, Maryland for the purpose of:

- a) reviewing the November 19, 2019 closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;
- b) reviewing the Medical Board reports from November 21, November 27, December 5 and December 11, 2019, 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 disclosures 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

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- c) discussing the compensation of the Chief Investment Officer for fiscal year 2020, 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:

Peter Franchot, Vice Chairman (via phone)	F. Patrick Hughes (via phone)
Eric Brotman (via phone)	Charles Johnson (via phone)
Jamaal Craddock (via phone)	Richard Norman, Presiding
Kenneth Haines (via phone)	Douglas Prouty (via phone)
David Hamilton	Michael Stafford (via phone)
Sheila Hill (via phone)	

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Kim O’Keeffe	David Rongione
Anne Gawthrop	Andrew Palmer	Janet Sirkis
Michael Golden	Harvey Raitzyk	

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

On a motion made by Mr. Hamilton and seconded by Mr. Brotman, the Board voted to return to Open Session, beginning at 9:57 a.m., at the Board Room of the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor Board Room, Baltimore, Maryland.

**OPEN SESSION**

The Trustees present included:

Peter Franchot, Vice Chairman (via phone)	F. Patrick Hughes (via phone)
Eric Brotman (via phone)	Charles Johnson (via phone)
Jamaal Craddock (via phone)	Richard Norman, Presiding
Kenneth Haines (via phone)	Douglas Prouty (via phone)
David Hamilton	Michael Stafford (via phone)
Sheila Hill (via phone)	

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Anne Gawthrop	Angie Jenkins	Ken Reott
Michael Golden	Harvey Raitzyk	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

During closed session, the Board of Trustees discussed and acted on the following matters:

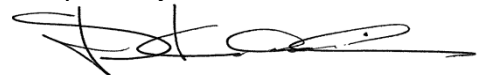
Closed Session Minutes	The Board reviewed and approved the November 19, 2019 closed session minutes.
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- Medical Board Reports      Upon recommendation of staff, one disability case in the December 5, 2019 report was removed and remanded back to the Medical Board.
- The Board reviewed and adopted the medical board reports from November 21, November 27, December 5 and December 11, 2019.
- CIO Compensation for FY2020      The Board adopted the recommendation concerning the CIO's compensation for FY2020.
- Other Business      Mr. Hamilton asked for an update regarding legislation.
- Ms. Gawthrop responded that the Joint Committee on Pensions (JCP) accepted all Board requested proposals except for the proposal regarding the contribution rates for the few Participating Governmental Units that remain in the Non-Contributory Pension Plan. Ms. Gawthrop further reported that legislation may be introduced regarding the Board's composition. At the JCP's request, Department of Legislative Services staff conducted a study of the Maryland Board as compared to other State Pension Boards in the country.
- Ms. Gawthrop mentioned that there is a new Joint-Committee Chair for the Senate, Senator Sarah Elfreth.
- Mr. Stafford asked what the expected range of possibilities would be, from the legislature, concerning the composition of the Board.
- Ms. Gawthrop responded that the report was neutral. The report does note that Maryland's Investment Committee composition is the largest in the country, however, the composition of the Board itself is not reported as abnormally large considering the number of Systems it oversees.
- Mr. Stafford asked if legislation does come forward, if it would come from the Governor.
- Ms. Gawthrop responded that legislation would come from the JCP, with the support of the presiding officers. Ms. Gawthrop further responded that any legislation introduced would be presented to the Board to see if the Board wishes to support or oppose the legislation. The Board's position would then be presented to the legislature at the bill hearing.
- Adjournment      There being no further business before the Board, on a motion made by Mr. Hamilton and seconded by Mr. Hughes, the meeting adjourned at 10:03 a.m.

Respectfully submitted,



R. Dean Kenderdine  
Secretary to the Board

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**ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
DECEMBER 3, 2019**

2020  
Administrative  
Committee  
Meeting Dates

On a motion made by Mr. Prouty and seconded by Ms. Hill, the Administrative Committee approved the 2020 Administrative Committee Meeting dates, as follows:

Tuesday, February 4, 2020	Tuesday, March 3, 2020
Tuesday, April 7, 2020	Tuesday, June 2, 2020
Tuesday, August 4, 2020	Tuesday, September 1, 2020
Tuesday, October 6, 2020	Tuesday, December 1, 2020

Review of the  
Criteria for the  
Executive  
Director's  
Evaluation

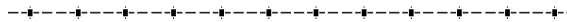
The Administrative Committee reviewed the evaluation criteria for the Executive Director for the performance period January 16, 2019 through January 15, 2020.

On a motion made by Mr. Prouty and seconded by Ms. Hill, the Administrative Committee approved the Executive Director evaluation criteria for recommendation to the Board of Trustees.

Finance Reports  
– Quarter  
Ending 09/30/19

Mr. Van Lewis presented to the Committee the Administrative Expense Report Dashboard, which provided an overview of the how the Agency expended or encumbered 22.74% of its FY2019 appropriation through the first quarter.

APPROPRIATION EXPENDED/ENCUMBERED	22.74%
REGULAR SALARIES	19.64%
CONTRACTUAL PAYROLL AND TECHNICAL SUPPORT	17.60%
COMMUNICATIONS (INCLUDES POSTAGE)	52.29%
TRAVEL	21.45%
VEHICLE COSTS	30.27%
CONTRACTUAL SERVICES (including equipment leasing & building maintenance)	25.20%
SUPPLIES	50.39%
EQUIPMENT PURCHASES	105.76%
RENT AND INSURANCE	33.83%
DUES, SUBSCRIPTIONS AND LICENSES	11.10%



Mr. Lewis presented the MBE Performance Report for the quarter ending September 30, 2019. The report showed that the MBE performance was 23.68%. Mr. Lewis reported that the agency processed twenty-seven purchase and blanket purchase orders totaling \$513,812 during the first quarter. Eighteen of those purchase orders derived from the statewide contracts managed by the Department of Information Technology, yielding \$122,501 in MBE participation dollars. Two other purchase orders, not related to statewide contracts, contributed an additional \$8,651 in MBE participation, bringing the total to \$131,153 for the quarter.

Mr. Norman asked if there were any contracts with no MBE participation.

Mr. Lewis responded that there was one sole source procurement for benchmarking services by CEM Benchmarking which had no MBE participation as the vendor is based in Canada.

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***ADMINISTRATIVE COMMITTEE MEETING SUMMARY  
DECEMBER 3, 2019***

Member  
Services Update

Mr. Raitzyk reported that the Member Services unit was unable to meet its goals for the call abandonment rate and average call wait time for the month of October 2019. The unit's call abandonment rate was 18.77% and the average speed of answer was 339 seconds for the month of October. Mr. Raitzyk reported that staffing issues, training for mySRPS, staff's adjustment to the new customer relations management system (CRM), and an increase in call volume all contributed to the unit missing its goals for the month.

Mr. Reott reported that the unit had filled all double-pinned positions, however, since that time one employee has since resigned. The other new retirement counselors are being closely monitored on the phones by senior staff and should be able to independently answer calls by the end of the year.

Mr. Raitzyk reminded the Committee that, as previously reported, the Agency's phone system is unable to switch off the recording of virtual call-backs that occur when a member has initiated an incoming call to the Agency and chooses not to remain in the queue for service but requests an automatic call-back into the System when the member's turn comes about. The law is specific to recording and monitoring of incoming calls only, with the recording of outgoing calls prohibited. Therefore, the Agency has stopped the recording of all telephone calls pending clarifying legislation. This too, has contributed to the Agency not hitting its goals.

Mr. Kenderdine further reported that the Agency is seeking legislative relief for this issue.