

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

September 17, 2024

**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 1:30 p.m.**

The Trustees present included:

Treasurer Dereck Davis, Chair	Sheila Hill
Comptroller Brooke Lierman, Vice Chair	Charles Hopkins
Jamaal Craddock (Virtual)	Douglas Prouty
James Daly	Tarrus Richardson
Ayana English-Brown (Virtual)	Michelle RhodesBrown (Virtual)
Secretary Helene Grady	Robert Sandlass

Agency Staff members present included: Martin Noven,	Executive Director/Secretary of the Board
Robert Burd	Chris Mannino (Virtual)
Melody Countess	Katherine Morris
Linda Daley (Virtual)	Megan Myers
Cheryl Davis-Shaw (Virtual)	Kim O'Keeffe
Robert Diehl (Virtual)	Andy Palmer
Anne Gawthrop	Chandra Puranam (Virtual)
Derrick Johnson	Ben Robb (Virtual)
Harris Kaplan (Virtual)	David Rongione
Courtney Key	Karen Simpson (Virtual)
Thomas Kim	Toni Voglino
Van Lewis (Virtual)	

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

Other attendees included: Megan Schutz (Treasurer's Office); Devaughn Blackburn and Dani DiPietro (Comptroller's Office); Philip Anthony, Tyler Babich, and Jacob Cash (DLS); Brad Armstrong, Brian Murphy, Jeff Tebeau and Amy Williams (GRS); Jesus Cuello, Maguette Diop, David Miller, and Bethany Renner, and Frank Sultz (SEIU); Michele Chow-Tai (Fairview Capital) Joepeth Ebisa (With Intelligence); and Bernie Gallagher (Endurance Solutions);

**Call Meeting to Order:**

Having established that there was a quorum present, Treasurer Davis called the meeting to order.

**Public Comment:**

The Board received a public comment regarding Carmel Fund VIII from Jesus Cuello, a former employee at Sudbrook Apartments, a property owned by the fund. Mr. Cuello spoke about how the Carmel Fund's decision to terminate its building management contract impacted his life and led to his job loss. He requested that the Board review the fund's compliance with the System's responsible contractor policy.

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The Board requested an update on the Agency's actions regarding this matter during the CIO report.

**Consent Agenda:**

On a motion made by Mr. Prouty and seconded by Ms. RhodesBrown, the Board approved the open-session meeting minutes.

Ms. English-Brown identified an issue with a date in the Administrative Committee Summary.

Staff will amend the schedule included in the Administrative Committee Summary

**Presentation by Gabriel Roeder Smith and Company regarding the Preliminary Results of the June 30, 2024 Actuarial Valuation for FY2025:**

Brad Armstrong and Jeff Tebeau from Gabriel Roeder Smith & Co. (GRS) presented the preliminary results of the FY23 valuation. GRS will return in October to present the final valuation, including recommended employer contribution rates for the Board's consideration and certification.

**FY26 Certification of Active Membership:**

The Board was presented with the system's active membership by percentage employed by the State, the local public libraries, and each participating local employer as of June 30 of the second prior fiscal year. The certified percentages are provided to determine each System employer's pro rata share of the administrative and operational expenses of the Board of Trustees and the State Retirement Agency for the fiscal year. This report serves as certification of the System's active membership as of the end of the fiscal year and is submitted to the Secretary of the Department of Budget and Management in accordance with State Personnel and Pensions Article § 21- 316(c) of the Maryland Annotated Code.

**Recommendation of the Administrative Committee regarding Board Requested Legislation:**

On a motion made by Mr. Sandlass and seconded by the Administrative Committee, the Board approved the proposed Board Requested Legislation as presented.

**Recommendation of the Administrative Committee regarding the FY25 Business Plan:**

On a motion made by Mr. Sandlass and seconded by the Administrative Committee, the Board approved the fiscal year 2025 business plan as presented.

**Recommendation of the Administrative Committee regarding the FY26 Operating Budget Proposal:**

Following a motion made by Mr. Sandlass and seconded by the Administrative Committee, the Board discussed the budget proposal. A recommendation was made that the budget proposal be revised to request 4 pins for human resources personnel for SRA, instead of the 2 pins proposed, at an additional estimated cost of \$180,000. On motion by Mr. Sandlass and seconded by the Administrative Committee

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to submit the budget proposal with the suggested amendment, the Board approved the Operating Budget Proposal with the revised request for 4 human resources positions instead of 2. Secretary Grady abstained from voting.

**Recommendation of the Corporate Governance and Securities Litigation regarding Iran and Sudan Divestment:**

The Board received a memorandum that included 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, 2024, MSCI ESG Iran-Sudan Focus List, and the Maryland Iran and Sudan divestment statute.

Based on new information from MSCI ESG, staff recommended the removal of six companies from the Iran and Sudan Restricted List that were approved by the Board of Trustees on March 19, 2024. The companies recommended for removal from the restricted list were:

1. Bharat Heavy Electricals Limited
2. Petronas Capital Limited
3. Sinopec Group Overseas Development (2012) Limited
4. Sinopec Group Overseas Development (2014) Limited
5. Siemens Energy AG
6. Siemens Aktiengesellschaft

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 regarding Russia Divestment:**

The Board received a memorandum that included the Maryland State Retirement and Pension System's recommended Russia Restricted List, Meketa's analysis of the impact of divesting from all companies on the July 1, 2024, Russia Focus List, and the Maryland divestment statute.

Staff confirmed 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.

**Recommendation of the Investment Committee regarding the State Street Contract Extension:**

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

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On a motion made by Comptroller Lierman and seconded by the Investment Committee, the Board approved the staff's recommendation to extend the Global Custody Services Agreement with State Street for two years, effective March 1, 2025, through February 28, 2027.

**Recommendation of the Investment Committee regarding the Investment Division Budget for FY 2026:**

The Board was presented with the Investment Division's Budget request totaling \$ 26.1 million, which is an 7.9% increase from the previous year. The key changes for this year's budget included salary adjustment for existing staff, 4 new positions, three tech consulting services, and analytics tools for securitized bond management. New positions are primarily for research and outreach teams involving the Terra Maria Program.

On a motion made by Comptroller Lierman and seconded by the Investment Committee, the Board approved the Investment Division Budget for FY2026. Secretary Grady abstained from voting.

**Approval of the GOSBA Report:**

The Board was presented with the GOSBA Report, mandated by House Bill 1506 and Senate Bill 700. The report included a summary of the fiscal years 2019 through 2024.

Faina Kashtelyan and Andy Palmer answered questions from the Board concerning the data shown in the report.

On a motion made by Comptroller Lierman and seconded by Mr. Prouty, the Board approved the GOSBA report.

**Chief Investment Officer's Report:**

Mr. Palmer provided an update on the Agency's investment performance. The preliminary numbers for July are available, but the August figures are still pending from State Street. Overall, both months have shown positive returns, and the Agency is making good progress toward its 6.8% target. Through yesterday, returns were likely around 3.5% for the quarter. In July, the return was approximately 1.6%, but it was an unusual month. Investments that had underperformed for a long time, such as small-cap stocks, started to perform better, which caught some of the Agency's managers off guard. The market remained strong in August, pushing fiscal-year-to-date returns up nearly 3%. Mr. Palmer expressed confidence that the Agency is making up ground from July. He also mentioned that the market is closely watching the Federal Reserve's interest rate decision.

Mr. Palmer congratulated Colleen Bower, Investment Administration Director, on her retirement and recognized her remarkable 52 years of service to the state.

He also provided the Board with an update on the Sudbury Apartments situation, which was addressed during public comment at the beginning of the meeting. The Board has a responsible contractor policy that applies to buildings where the Agency holds a 50% ownership stake, but the policy does not extend

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to the funds in which the Agency has invested as a limited partner. The Carmel Fund has its own responsible contractor policy. The Fund Manager proactively reached out to the Agency to offer insight into the decision to change the building manager. Mr. Palmer clarified that, although the Agency has engaged with the fund about its responsible contractor policy, the Carmel Fund, as a separate entity, is not obligated to follow the Board's policy since the System is a limited partner and the Carmel Fund has not adopted the Board's policy.

**Executive Director's Report:**

Martin Noven reported 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 Ms. English-Brown had preliminarily reviewed the documents and had no concerns.

Mr. Noven also provided instructions for parking validation, as the process had recently changed.

**On a motion made by Mr. Prouty and seconded by Comptroller Lierman, the Board voted to meet in a Closed Session, beginning at 2:42 p.m. for the purposes of:**

(a) reviewing the closed session Board Minutes, in order to comply with the requirement that closed session minutes be sealed and not open to public inspection, pursuant to General Provisions Art., § 3-103(a)(1), the exercise of an administrative function; and General Provisions Art., § 3-305(b)(13), to comply with a specific statutory 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, in order to prevent public disclosure of confidential retirement records and medical information, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory 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) considering proposed pay adjustments for certain employees of the Investment Division, in order to consider a confidential personnel matter, 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 appointees, employees, or officials over whom the Committee has jurisdiction.

(d) considering the award of financial incentives for certain employees of the Investment Division, in order to consider a confidential personnel matter, 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 appointees, employees, or officials over whom the Committee has jurisdiction.

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(e) considering the award of financial incentives to the CIO, in order to consider a confidential personnel matter, 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 appointees, employees, or officials over whom the Committee has jurisdiction.

(f) discussing evaluation forms pertaining to the performance evaluation of the Executive Director, in order to consider a confidential personnel matter, pursuant to General Provisions Art., Section 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:

Treasurer Dereck Davis, Chair	Charles Hopkins
Comptroller Brooke Lierman, Vice Chair	Douglas Prouty
Jamaal Craddock (Virtual)	Tarrus Richardson
James Daly	Michelle RhodesBrown (Virtual)
Ayana English-Brown (Virtual)	Robert Sandlass
Secretary Helene Grady	
Sheila Hill	

Agency Staff members present included: Martin Noven, Executive Director/Secretary of the Board	
Robert Burd	Courtney Key
Melody Countess	Thomas Kim
Linda Daley (Virtual)	Megan Myers (Items a and b only)
Cheryl Davis-Shaw (Virtual)	Kim O'Keefe (Items a and b only)
Anne Gawthrop	Andy Palmer
Derrick Johnson (Items a and b only)	David Rongione

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

Other attendees included: Megan Schutz (Treasurer's Office); Devaughn Blackburn and Dani DiPietro (Comptroller's Office)

**On a motion made by Ms. English-Brown and seconded by Mr. Craddock, the Board returned to open session, beginning at 2:48 p.m.**

**Open Session**

The Trustees present included:

Treasurer Dereck Davis	Ayana English-Brown (Virtual)
Comptroller Brooke Lierman	Secretary Helene Grady
Jamaal Craddock (Virtual)	Sheila Hill
James Daly	Charles Hopkins

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Douglas Prouty  
Tarrus Richardson

Michelle RhodesBrown (Virtual)  
Robert Sandlass

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Robert Burd  
Melody Countess  
Linda Daley  
Lisa Jordan  
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Courtney Key  
Thomas Kim  
Andy Palmer  
David Rongione

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

Other attendees included: Megan Schutz (Treasurer's Office); Devaughn Blackburn and Dani DiPietro (Comptroller's Office); Tyler Babich (DLS); Michele Chow-Tai (Fairview Capital); and Joepeth Ebisa (With Intelligence)

**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 Board Meeting Minutes:**  
The Board approved the closed session minutes for the August 20, 2024, meeting.
- **Medical Board Reports:**  
The Board approved the medical board reports for the following dates:
  - April 18, 2024
  - April 24, 2024
  - May 5, 2024
  - May 8, 2024
  - May 16, 2024
- **Recommendation of the Investment Committee regarding Pay Adjustments for certain Investment Division Staff:**  
The Board approved the pay adjustments as recommended.
- **Recommendation of the Investment Committee regarding Incentive Compensation for Investment Division Staff:**  
This matter was deferred.
- **Recommendation of the Investment Committee regarding Incentive Compensation for the CIO:**  
This matter was deferred.
- **Results of the Executive Director's Performance Evaluation**  
This matter was deferred to the October meeting.

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**Call for Agenda Items:**

Ms. English-Brown requested an update on the DIME program at a future meeting.

**Adjournment:**

On a motion made by Ms. English-Brown and seconded by Mr. Craddock, the meeting adjourned at 2:49 p.m.

Respectfully submitted,



Martin Noven  
Secretary of the Board