

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

October 24, 2018

The Board of Trustees for the Maryland State Retirement and Pension System convened for a Board Governance Workshop at 120 E. Baltimore Street, Board Room 16th Floor, Baltimore, Maryland 21202 beginning at 9:20 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding	Sheila Hill
Peter Franchot, Vice Chairman (via phone)	F. Patrick Hughes
David Brinkley	Charles Johnson
Eric Brotman	Theresa Lochte
Jamaal Craddock	Richard Norman
David Hamilton	Douglas Prouty
James Harkins	Michael Stafford
Linda Herman	

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

Other attendees included: Randy Miller from Funston Advisory Services, Susanne Brogan, Justin Hayes, and Michael Barry

Consultant's
Presentation on the
System's
Governance Policy

The Chairman welcomed Randy Miller of Funston Advisory Services (FAS) and thanked the Board's ad hoc committee which has overseen the governance review project to this point, including Trustees Brotman, Johnson, and Lochte who serves as chair.

Mr. Miller presented the results of FAS's review of the System's governance policy. The review results were based on Funston Advisory's (1) review of current System governance policies and charters, (2) SRA staff's responses to FAS's "InGov" peer benchmarking profile survey, (3) results of the self-assessment survey completed by Trustees, Public Advisors, and Agency executive staff, (4) input from the Board's ad hoc committee, and (5) FAS's professional judgement and experience.

FAS categorized each System policy as:

"Leading" – helps increase beneficial impact on organizational performance compared to other practices and is not in common use among peers;

"Prevailing" – common to peers but could potentially still be a candidate for improvement; there is not a "leading" practice in every area and "prevailing" may be the most effective practice currently and commonly in use;

"Lagging" – has not kept pace with what we would consider prevailing practice and can detract from performance capabilities.

Mr. Miller then presented FAS's recommendations for modifying System policies with consideration of (1) priority, (2) implementation difficulty, (3) resource requirements, (4) timing, (5) whether or not legislation is required, and (6) whose responsibility it would be for moving the modification forward.

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A total of 26 recommendations were offered and fully discussed by the Trustees, Public Advisor, and staff present.

Issues to receive follow-up by FAS and staff include:

- FAS to identify examples for good models of public pension plan succession plans;
- Trustees to receive copies of FAS's book *One of a Kind*;
- FAS to provide their white paper on Enterprise Risk Management;
- FAS to identify other public plans with autonomy for comparison of performance metrics with MSRPS;
- FAS to provide an example of what they view as effective trustee code of conduct policy;
- FAS to provide example of effective board committee charters

FAS further grouped their priority recommendations in terms of what they felt could be achieved in the next six months and within the next year.

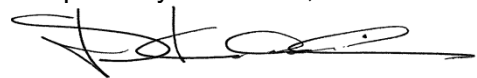
Based upon the recommendations and the Board's discussion of the FAS governance review, Mr. Brotman made the following motion which was seconded by Mr. Hamilton:

The Board of Trustees (1) accepts the report presented by Funston Advisory Services, inclusive of its recommendations, (2) will, within the next 12 months complete a full and comprehensive update of the System's strategic plan through which each of the Funston report recommendations will be addressed, and (3) direct staff to secure the necessary consulting services to facilitate the strategic planning project, with preference given to one of the appropriate State university programs for the consulting services. The motion was passed unanimously.

Adjournment

There being no further business before the Board, on a motion made by Ms. Hill and seconded by Mr. Brotman, the meeting adjourned at 12:07 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board