

THE INVESTMENT COMMITTEE  
OF THE  
MARYLAND STATE RETIREMENT AND PENSION SYSTEM

MINUTES OF OPEN MEETING

July 16, 2024

The Investment Committee convened on Tuesday, July 16, 2024, at 8:06 a.m., via Webex video/audio conference call at 120 E. Baltimore Street, 16<sup>th</sup> Floor, Baltimore, Maryland.

|                   |   |                                  |
|-------------------|---|----------------------------------|
| Committee Members | Michael Barry                           | Richard Norman                   |
| Attending:        | James Daly (Vice-Chair)                 | Douglas Prouty                   |
|                   | Budget Secretary Helene Grady           | Michelle RhodesBrown             |
|                   | Sheila Hill                             | Monte Tarbox                     |
|                   | Comptroller Brooke Lierman (Chair)      | Sharcus Steen                    |
| Also Attending:   | Andrew Palmer, CIO                      | Joe Gutberlet                    |
|                   | Adam Radinsky                           | Jon Martin (Treasurer's liaison) |
|                   | Alex Harisiadis, OAG                    | Jonathan Blichar                 |
|                   | Andrea Bailey                           | Kyongdo Min                      |
|                   | Anish Bedi                              | Larry Katsafanas                 |
|                   | Anne Gawthrop                           | Leonardo DeSouza                 |
|                   | Benjamin Robb                           | Linda Daley                      |
|                   | Robert Burd, Deputy CIO                 | Lisa Jordon                      |
|                   | Bernard Gallagher (Public)              | Martin Noven, Exec. Director     |
|                   | Cheryl Davis-Shaw                       | Megan Schultz                    |
|                   | Courtney Key                            | Michael Baker                    |
|                   | Dani DiPietro (Comptroller's Assistant) | Michael Klos                     |
|                   | Daniel Bahat                            | Michael Rubenstein               |
|                   | Danita Johnson                          | Michelle Ravert                  |
|                   | David Ferguson                          | Minh Nguyen                      |
|                   | David Rongione                          | Nitin Mathew                     |
|                   | Faina Kashtelyan                        | Peder Schaefer (Public)          |
|                   | Greg Kasten                             | Peta Richkus                     |
|                   | Haimanot Solomon                        | Phillip Anthony                  |
|                   | Rick Sullivan                           | Rachel Cohen, OAG                |
|                   | Steve Reilly                            | Ratna Kota                       |
|                   | Stuart Kaye                             | Stephen Reynard                  |
|                   | Toni Voglino                            | Frederick "Beau" Smith           |
|                   | Eric Farls                              | Stephen Muturi                   |

Comptroller Lierman called the meeting to order at 8:07

**Item 1: Ratification of Open Session Minutes**

On a motion made by Mr. Norman and seconded by Mr. Daly, the Investment Committee ratified the June 18, 2024, open session meeting minutes.

For the CIO, Mr. Barry recommended that total fund performance relative to the total fund policy benchmark represent 100% of the incentive calculation.

Ms. RhodesBrown and Mr. Noven supported Mr. Barry's recommendation.

On a motion made by Mr. Barry, seconded by Mr. Tarbox, the Investment Committee approved the recommended 100% weighting to total fund benchmark for CIO incentive compensation. Mr. Daly opposed the motion.

**Item 4: Discussion on Climate Advisory Panel**

Comptroller Lierman introduced the Climate Advisory Panel discussion and expressed confidence that the panel could be helpful to staff and the Board.

Mr. Palmer asked the committee members what information they would like to receive from a climate advisory panel and potential challenges in integrating climate risk into the investment process. He suggested that the committee could make a recommendation regarding the structure of the panel.

Mr. Daly expressed interest in how climate considerations can be constructive to staff, particularly how the advisory board can aid in staff's decision-making process.

Ms. RhodesBrown asked if legislation explicitly requires a climate advisory panel.

Comptroller Lierman replied that it is not required, but it could be useful to staff and Board if an expert panel was established.

Mr. Tarbox noted that the Board's relationship with outside constituents could be enhanced with the input of this panel.

Mr. Palmer discussed the potential purpose and uses of the climate advisory panel. Mr. Palmer also discussed staff's initial search of peers who have similar advisory bodies in their organizations. Lastly, Mr. Palmer discussed how the panel could interact with many groups within the organization.

Mr. Daly agreed with all points highlighted and indicated that any climate risk considerations should aid in the System reaching the actuarial return target. Mr. Daly also noted that the first objective of the panel should be to match the first objective of the investment manual which, is to achieve or exceed the plan's actuarial return.

Comptroller Lierman agreed and added that a panel should have diverse expertise.

Mr. Palmer asked whether the panel will be consultative or deliberative.

Comptroller Lierman and Mr. Barry agreed that panel should be open and consultative.

Mr. Palmer discussed the potential qualifications members of the panel should have. He noted there is already a list of criteria and Board members could amend and add it.

Ms. RhodesBrown asked where in the process the climate panel could be best suited to assist, and whether the focus of the work will be with staff and investing or the Board on Policy.

Mr. Palmer confirmed that the ORP discussion took place during the June Investment Committee meeting. He noted that additional follow-up data relating to the ORP is scheduled to be presented in the August Investment Committee meeting.

Comptroller Lierman expressed an interested in creating a preview schedule for upcoming discussions over the next few months.

Mr. Palmer offered to work with Comptroller Lierman to implement that plan. Mr. Palmer also noted that the August Investment Committee meeting may not start at 9 a.m., and staff will try to figure out a time.

**Item 7: Motion by the Investment Committee to meet in Closed Session for the purposes of:**

Comptroller Lierman requested a motion to enter closed session to review and ratify the previous month's meeting minutes.

On a motion by Mr. Tarbox and seconded by Mr. Daly, the Investment Committee entered closed session.

(a) reviewing the closed session Investment Committee 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 statutory requirement that prevents public disclosure, 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; and

**\*CLOSED SESSION\***

**\*OPEN SESSION\***

**Item 10: Motion by the Investment Committee to adjourn meeting**

Comptroller Lierman requested a motion to adjourn the July Investment Committee meeting.

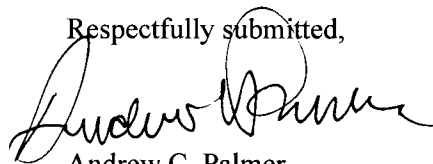
On a motion made by Mr. Prouty and seconded by Ms. RhodesBrown, the Investment Committee adjourned.

**Item 11: NEXT INVESTMENT COMMITTEE MEETING – August 20, 2024**

Adjournment

There being no further business before the Investment Committee, the meeting adjourned at 9:25 a.m.

Respectfully submitted,



Andrew C. Palmer  
Chief Investment Officer