

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

July 15, 2014

The Board of Trustees for the Maryland State Retirement and Pension System met in the Board Room of the SunTrust Building, 120 East Baltimore Street, 25<sup>th</sup> Floor, Baltimore, Maryland beginning at 9:30 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding  
Peter Franchot, Vice Chairman (via phone)  
David Blitzstein  
James Bush, Jr.  
John Douglass  
T. Eloise Foster  
Kenneth Haines

James Harkins  
Linda Herman (via phone)  
F. Patrick Hughes  
Major Morris Krome  
Theresa Lochte  
Harold Zirkin

Agency Staff members attending included:

Anne Budowski  
Robert Burd  
Margaret Bury  
Melody Countess

Patricia Fitzhugh  
Anne Gawthrop  
Michael Golden  
Ira Greenstein

Angie Jenkins  
Van Lewis  
A. Melissa Moye  
Janet Sirkis  
Lauren Smith

Assistant Attorneys General present included: Kathy Brady and Rachel Cohen.

Also attended by: Phillip Anthony, John Kenney, Howard Pleines and Rick Norman.

Consent Agenda

On a motion made by Mr. Harkins and seconded by Mr. Hughes, the Board approved the consent agenda, which included:

- ▶ June 17, 2014, Open Meeting Board Minutes
- ▶ June 17, 2014 Corporate Governance Committee Report.

Committee  
Assignments

As mandated by Board Operations Policy and the State Personnel and Pensions Article § 21-115(a)(2), (b)&(d) the Board reviewed and approved the proposed committee assignments for FY2015 as submitted by the Treasurer Kopp. On a motion made by Major Krome and seconded by Mr. Bush, the Board approved the following committee assignments:

Administrative Committee

James Harkins, Chairman  
Theresa Lochte, Vice-Chairman  
John Douglass  
Secretary T. Eloise Foster (or designee)  
Kenneth Haines  
Treasurer Nancy K. Kopp (or designee)  
Richard Norman

Investment Committee {SPP §21-115(a)(2), (b)&(d)}

Harold Zirkin, Chairman  
F. Patrick Hughes, Vice-Chairman  
David Blitzstein  
James Bush, Jr.

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John Douglass  
Secretary T. Eloise Foster  
Comptroller Peter Franchot  
Robert Hagans, Jr.  
Kenneth Haines  
Linda Herman  
James Harkins  
Treasurer Nancy K. Kopp  
Theresa Lochte  
Richard Norman  
Thurman Zollicoffer

*Public Advisors:*

Larry E. Jennings, Jr.  
Stefan Strein  
Brian Topping

Audit Committee

F. Patrick Hughes, Chairman  
John Douglass, Vice-Chairman  
James Bush, Jr.  
Robert Hagans, Jr.  
Kenneth Haines  
Linda Herman  
Richard Norman

Corporate Governance

David Blitzstein, Chairman  
Thurman Zollicoffer, Vice-Chairman  
Secretary T. Eloise Foster  
James Harkins  
Treasurer Nancy K. Kopp  
Theresa Lochte  
Harold Zirkin

Securities Litigation

Thurman Zollicoffer, Chairman  
Harold Zirkin, Vice-Chairman  
F. Patrick Hughes

Adoption of Final  
COMAR Regulations

Ms. Anne Budowski reported that the amended regulations concerning Domestic Relations Order (COMAR 22.01.03) and Membership in the Employees' System or the Teachers' System – General (COMAR 22.04.02), which were originally brought to the Board for its approval in July, received no comments and were being presented for final adoption.

Mr. Hughes recommended and Mr. Harkins agreed that the Administrative Committee would look into a mandatory surviving spouse benefit for the Employees' and Teachers' systems.

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Mr. Blitzstein reported that the National Academy for Social Insurance issued a pamphlet addressing the issue of when to apply for a social security benefit. Mr. Blitzstein will forward a copy of the pamphlet to Mr. Kenderdine and Ms. Bury for review.

On a motion made by Mr. Hughes and duly seconded the Board approved for final adoption the amended regulations regarding Domestic Relations Order and Membership in the Employees' System or the Teachers' System – General.

Executive  
Director's  
Report

Ms. Margaret Bury provided the Board with a copy of the correspondence that the American Federation of State, County and Municipal Employees (AFSCME) would be mailing to appropriate retirees of the System.

Ms. Bury indicated that the Agency does not release the names and addresses to AFSCME directly but provides the names and addresses to the mailing vendor contracted by AFSCME to perform the mailing.

CIO Report

Dr. A. Melissa Moye reported that final fiscal year end information was not yet available.

Dr. Moye reported that the total market value of the fund, as of the end of May, was \$44.9 Billion. Dr. Moye reported that preliminary reports show an asset amount just under \$45.3 Billion, as of June 30, 2014. The fund return at the end of May, 2014 was 12.9%, with a three-year average of 7.45% and a five-year average of 11.3%.

Mr. Douglass provided to the Board a document he produced entitled "Bang for the Buck," which he indicated provided a comparison of the System returns and those of the S&P 500 Index over various time periods. Mr. Douglass requested that a copy of this document be made a part of the Board minutes.

Treasurer Kopp stated that she had requested a review and analysis of Mr. Douglass' report by both the System's actuarial firm and by the Chief Investment Officer and would share those reports with the Board.

Resolution  
Presentation

On behalf of the Board of Trustees, Treasurer Kopp and Trustee Harkins presented Major Morris Krome with a Board resolution in recognition of his 16 years as Trustee to the System. Major Krome expressed words of appreciation to his fellow Trustees and agency staff.

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**CLOSED SESSION**

On a motion made by Mr. Hughes and duly seconded, the Board voted to meet in a Closed Session (10:30 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street, 25<sup>th</sup> Floor, for the purpose of:

1. approving the closed session minutes, pursuant to State Government Article § 10-503(a)(1)(i), the exercise of an administrative function;
2. reviewing the Medical Board reports, pursuant to State Government Article § 10-508(a)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter, namely, State Gov't Art., § 10-616(g) regarding the prohibition on disclosing retirement records, and State Gov't Art., § 10-617(b) regarding the prohibition on disclosing medical and personal information;

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding  
Peter Franchot, Vice Chairman (via phone)  
David Blitzstein  
James Bush, Jr.  
John Douglass  
T. Eloise Foster  
Kenneth Haines

James Harkins  
Linda Herman (via phone)  
F. Patrick Hughes  
Major Morris Krome  
Theresa Lochte  
Harold Zirkin

Agency Staff members attending included:

Margaret Bury  
Anne Gawthrop

Michael Golden  
Angie Jenkins

Janet Sirkis

Assistant Attorneys General present included: Kathy Brady and Rachel Cohen.

**OPEN SESSION**

The Board returned to open session at 10:47 a.m. in the Investment Conference Room of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor.

The Trustees present included:

Nancy K. Kopp, Chairman  
David Blitzstein  
James Bush, Jr.  
John Douglass

James Harkins  
F. Patrick Hughes  
Major Morris Krome, Presiding  
Theresa Lochte

Agency Staff members attending included:

Marge Bury

Angie Jenkins

Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Carla Goldman Katzenberg

Also attended by: Rick Norman.

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Stephanie Allen            The Board considered the recommendation of the Medical Board in connection with the claim of Stephanie Allen for DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Scott B. Baron, Esq., Ms. Allen's attorney, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

Ruth L. Griffin            The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ruth L. Griffin for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Dennis M. Gottesmann, Esq., Ms. Griffin's attorney, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

Delores C. Muir            The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Delores C. Muir, for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Neither Ms. Muir nor her attorney, Troy Powers, Esq., appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendations. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board, and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

**CLOSED SESSION – APPEALS AND HEARINGS**

On a motion made by Mr. Douglass and seconded by Mr. Bush, the Board voted to meet in a Closed Session (11:08 a.m.) in the Investment Conference Room of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor, for the purpose of:

1. considering disability appeals pursuant to State Government Section 10-503(a)(1)(iii), the exercise of a quasi-judicial function.

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The Trustees present included:

Nancy K. Kopp, Chairman  
David Blitzstein  
James Bush, Jr.  
John Douglass

James Harkins  
F. Patrick Hughes  
Major Morris Krome, Presiding  
Theresa Lochte

Agency Staff members attending included:

Marge Bury

Angie Jenkins

Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen

Also attended by: Rick Norman.

**OPEN SESSION**

The Board reported that during the closed session the Board reviewed and decided on the following disability appeals:

**Stephanie Allen**

The Board voted to **AFFIRM** the Medical Board's Decision and **DENY** Stephanie Allen's request for disability benefits.

**Ruth L. Griffin**

The Board voted to **REJECT** the Administrative Law Judge's Proposed Decision and **GRANT** Ruth L. Griffin's request for accidental disability benefits.

**Delores C. Muir**

The Board voted to **ADOPT** the Administrative Law Judge's Proposed Decision and **DENY** Delores Muir's request for accidental disability benefits.

**Adjournment**

There being no further business before the Board, the meeting adjourned at 12:15 p.m.

Respectfully submitted,



R. Dean Kenderdine  
Secretary to the Board

**CORPORATE GOVERNANCE COMMITTEE MEETING REPORT**  
**JUNE 17, 2014**

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**Informational Items for the Board**

- The Committee unanimously accepted the minutes from the February 18, 2014 meeting.
- The Committee received a memorandum from Staff regarding the recommendations of the CERES report, “Investing in the Clean Trillion.” Staff discussed the types of actions that could be taken related to the recommendations.
- Mr. Blitzstein received an update on a company which is challenging their inclusion on the System’s Iran/Sudan Divestment list. The matter is being actively researched.
- The Committee introduced the topic of long term investing and fiduciary capitalism and the different means of engagement. The topic will be discussed at future meetings.

**Recommended Action Items for the Board**

- No action items at this time.

The Next meeting of the Corporate Governance Committee is being rescheduled for September 16, 2014.