

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

April 19, 2016

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, 16th Floor Board Room, Baltimore, Maryland beginning at 9:39 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman
David Blitzstein
David Brinkley
James Bush, Jr.
James C. DiPaula
Kenneth Haines

James Harkins
Linda Herman (via phone)
Sheila Hill
F. Patrick Hughes
Charles Johnson
Theresa Lochte
Richard Norman

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary
Margaret Bury
Angie Jenkins
Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Sharon Street

On a motion made by Treasurer Kopp and seconded by Mr. DiPaula, the Board voted to meet in a Closed Session, beginning at 9:40 a.m., in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

1. reviewing the closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;
2. reviewing the Medical Board reports, 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 personal information
3. considering a proposed Administrative Law Judge's decision in a disability appeal, pursuant to General Provisions Art., § 3-103(a)(1)(iii), a quasi-judicial function; and
4. discussing the results of the Executive Director's Evaluation, 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:

Nancy K. Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman
David Blitzstein
David Brinkley
James Bush, Jr.
James C. DiPaula
Kenneth Haines

James Harkins
Linda Herman (via phone)
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MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

April 19, 2016

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary
Margaret Bury
Angie Jenkins
Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Sharon Street

On a motion made by Ms. Lochte and seconded by Mr. DiPaula, the Board returned to open session at 10:15 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

OPEN SESSION

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding	James Harkins
Peter Franchot, Vice Chairman	Linda Herman (via phone)
David Blitzstein	Sheila Hill
David Brinkley	F. Patrick Hughes
James Bush, Jr.	Charles Johnson
James C. DiPaula	Theresa Lochte
Kenneth Haines	Richard Norman

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

Margaret Bury	Ira Greenstein	Andrew Palmer
Melody Countess	Angie Jenkins	Ken Reott
Anne Gawthrop	Van Lewis	David Rongione
Michael Golden		Janet Sirkis

Assistant Attorneys General present included: Kathy Brady, Rachel Cohen, Carla Goldman Katzenberg, Jill Leiner, and Sharon Street

Other attendees included: Phillip Anthony and Michael Rubenstein

During the closed session the Board took action on the following:

Closed Session Minutes	The Board approved the March 15, 2016 closed session Board minutes with amendments.
Medical Board Reports	The Board adopted the medical board reports from March 17, March 23, March 31, April 6 and April 14, 2016.
Review of a Proposed Administrative Law Judge's Decision in a Disability Appeal	The Board adopted the proposed Administrative Law Judge's decision and granted accidental disability to Nancy Mumford.

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- Consent Agenda On a motion made by Ms. Hill and seconded by Mr. Bush, the Board approved the consent agenda, which included:
- March 15, 2016 Open Meeting Board Minutes
 - April 5, 2016 Administrative Committee Meeting Report
- Presentation by T. Rowe Price Alan Levenson, Chief U.S. Economist at T. Rowe Price, joined by Chris Dyer and Bailey DeVries, also from T. Rowe Price, presented to the Board information concerning the current economic environment and outlook for the domestic and global economies.
- 2016 Legislative Bill Review – Final Update Ms. Anne Gawthrop provided the Committee a final update of the 2016 pension related legislation introduced to the 2016 General Assembly. See *Attachment A*.
- Chief Investment Officer’s Report Mr. Andrew Palmer reported that the fund had a strong month with the benchmark up 4.25%. Mr. Palmer reported that the total market value of the fund, as of March 31, 2016, was \$44.7 Billion. Mr. Palmer reported that the fund, however, under-performed in the private equity, hedge funds, and private asset classes.
- Executive Director’s Report Mr. Kenderdine provided the Board with a copy of the correspondence that the Maryland Retired School Personnel Association plans to mail to recent school retirees. Mr. Kenderdine informed the Board that it is required by law that the Board review all Retiree mailings done by the Association and that no action was required of the Board.
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- Mr. Kenderdine reported that the most recent independent testing program of the System’s network and new applications has been completed. Such tests are periodically done in order to assess the strength of the Agency’s technology in preventing system penetration by outside malicious parties. The most recent testing was conducted in February, 2016, by JANUS Associates, Inc.
- The results showed that for the network test, two valid conditions were found. One item is a result of a deliberate business decision, and the other is not an active risk at this time and will be addressed next year.
- For the applications test, two specific applications were found to have issues. Both conditions are being rectified.
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- Mr. Kenderdine reminded the Trustees that their State Ethics (Financial Disclosure) forms are to be filed by April 30, 2016.
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- Mr. Kenderdine provided the Board with a draft agenda of the Board of Trustees Education Session, which is being held on Thursday, May 19, 2016 at the Maritime Institute in Linthicum, Maryland.
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April 19, 2016

Mr. Kenderdine reported that Delores Whiterose was hired as an auditor in the Internal Auditing division.

Mr. Kenderdine also reported that of the twenty vacant positions in the Benefits Administration division, twelve positions had been filled and four are in recruitment.

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Mr. Kenderdine reported that on April 1, 2016 estimate notifications were distributed regarding the newly adopted option and annuity factors. Ms. Bury indicated that, to date, the Agency has received only seven calls regarding the notification, all mainly for clarification.

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Ms. Bury reported that the 2016 cost of living adjustment (“COLA”) will be reflected in the July check for all retirees who have been retired one full year as of July 1st. The COLA will be 0.119%.

OPEN SESSION – APPEALS AND HEARINGS

The Trustees present included:

Nancy Kopp, Chairman, Presiding	James Harkins
David Blitzstein	Sheila Hill
James Bush, Jr.	F. Patrick Hughes
James DiPaula	Richard Norman
Kenneth Haines	

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

Margaret Bury	Michael Golden	David Rongione
Anne Gawthrop	Angie Jenkins	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen, Carla Katzenberg, Jill Leiner and Sharon Street.

Other attendees included: Phillip Anthony

Ursula White

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Ursula White 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.

Ms. White appeared to oppose the Agency’s position and the Administrative Law Judge’s recommendation. Jill R. Leiner, 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.

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On a motion made by Ms. Hill and seconded by Mr. Bush, the Board returned to open session at 1:00 p.m.

OPEN SESSION

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

Ursula White

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

Charles H. Dorsey

The Board voted to **AFFIRM** the Medical Board's recommendation and **DENY** Charles Dorsey's request for disability benefits.

Cleo McNeill

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

Adjournment

There being no further business before the Board, on a motion made by Ms. Hill and seconded by Mr. Bush, the meeting adjourned at 1:03 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board