

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

April 19, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video/audio conference call, beginning at 9:42 a.m.

The Trustees present included:

Peter Franchot, Chairman, Presiding
Dereck Davis, Vice Chairman
Linda Allen
Thomas Brandt
David Brinkley
Jamaal Craddock
James Daly

Kenneth Haines
Sheila Hill
Richard Norman
Douglas Prouty
Michael Stafford, Jr.
Matthew Wyskiel

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary

Andrew Palmer
Angie Jenkins
Anne Gawthrop
David Rongione
Greg Busch

Janet Sirkis
Ken Reott
Kim O’Keeffe
Megan Myers
Melody Countess

Patricia Fitzhugh
Robert Diehl
Toni Voglino
Van Lewis
Scott Bolander (live stream)

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

Other attendees included: Justin Hayes and Alex Butler (Comptroller’s Office); Anne Shelton (Public Advisor)

Consent Agenda

Mr. Wyskiel noted a typographical error on page 3 of the proposed minutes from the April meeting.

Ms. Jenkins responded that the error was noted, and the minutes would be corrected.

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

- March 15, 2022 Open Meeting Board Minutes, with amendments
- April 5, 2022 Administrative Committee Meeting Summary

2022 Legislation

The Board was provided with a final 2022 legislative update. Ms. Gawthrop reported that the 2022 legislative session was successful and thanked staff for their assistance throughout the session.

Mr. Daly asked Mr. Palmer for his view on the investment-related bills and their impact on the division and his team.

Mr. Palmer responded that he and Ms. Gawthrop work hard on getting the bills that we would have issues with to not move forward. The Climate Risk bill language is broader, and the Governor thinks that it will be a rare occurrence.

Ms. Gawthrop further reported that the Governor did not sign nor veto the Climate Solutions bill but did send a letter out with an explanation of why he did not do either.

Ms. Gawthrop commented that she would provide a copy of that letter to the Board.

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CIO Report Mr. Palmer provided the Board with a final February 2022 tear sheet, which showed the fund market value of \$68.5 Billion, and a fund return, fiscal-year-to-date of 2.41%. Mr. Palmer commented that public markets were tough, and performance was struggling in public equity. However, other asset classes were in line on performance.

Mr. Palmer provided the Board with a preliminary tear sheet for March, which showed a fund market value of \$68.7 Billion, with a fund return, fiscal-year-to-date of 2.80%. Mr. Palmer reported that stocks were up 1%, but bonds were very soft. He illustrated the value of alternative investments in the portfolio. For the trailing year bond and stock portfolios had negative returns but absolute return, real assets and private equity were substantially positive.

Mr. Wyskiel commented that the first quarter of the calendar year was the worst quarter for bonds in many years, according to Bloomberg, and asked what Mr. Palmer's opinion was on bonds.

Mr. Palmer responded that the outlook for bonds continued to be challenging because of the high levels of inflation and corresponding tightening of monetary policy. He noted that a series of shocks have contributed to ever higher inflation. Assuming no further shocks, inflation should moderate, and economic growth should slow in response to higher interest rates, contractionary fiscal policy and the implied tax of higher inflation. Bonds should stabilize and become attractive at these higher rates in those circumstance. The System has been below benchmark exposure to bonds for many months but reduced the underweight around the Ukrainian invasion before restoring the underweight in March.



Mr. Palmer reported that SEC has two rule proposals open for comment. The first addresses private fund disclosure and practice. The main focus is on standardized reporting on fees and expenses which would be great for investors like the System. Some of the other provisions that address indemnification or special provisions for some investors may have unintended consequences. These sections might be more eloquently crafted and focus more on disclosure than prohibition. He noted that staff has been engaged with some industry groups to evaluate the proposal and has reviewed comment letters that the Board could consider but the response deadline would likely preclude any System participation. He noted that Meketa Investment Group had submitted a comment letter to the SEC that was supportive but notes some concerns consistent with his comments.

Mr. Palmer reported that a second set of rules addressing climate disclosures for public companies was open for comment. These rules are consistent with the System's support of more consistent and complete disclosure on these issues. Staff is reviewing with the rules and if appropriate will come back to the Board to assess its interest in providing a response to the SEC.

The Chair requested that Mr. Palmer keep the Board abreast of developments in Ukraine, Russia and China as they impact the System's investments.

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Executive
Director's Report

Mr. Noven reported that the Board's annual education session is scheduled to be held on October 18, 2022, however, staff is recommending that it be conducted as it has been over the past several years, with two half-day sessions. The dates would be the October 18 and December 20, 2022, each followed by the monthly Board meeting.

Mr. Noven commented that if any Trustee had any objections to conducting two half-day sessions or if any Trustee had suggestions for topics to be discussed at the education session, to contact him, Andy Palmer or Angie Jenkins.

Mr. Noven provided the Board with a copy of the proposed membership recruitment correspondence that AFSCME plans to distribute to recent retirees. Mr. Noven reported that the material was reviewed by Trustee Hill and is being brought to the full Board, as required by statute, as an informational item.

Mr. Noven reported the 2022 cost of living adjustment ("COLA") is 4.698% based on the Consumer Price Index, however, the COLA that will be reflected in the July benefit payments for eligible retirees will be capped at 3.0% for service through June 30, 2011 and 2.5% for service on or after July 1, 2011.

On a motion made by Mr. Prouty and seconded by Mr. Brandt, the Board voted to meet in a Closed Session, beginning at 10:08 a.m., via a video/audio conference call for the purposes of:

- a) reviewing the closed session Board 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 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; and
- b) reviewing the Medical Board reports regarding individual participants' claims for disability retirement benefits, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific 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.

CLOSED SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding
Dereck Davis, Vice Chairman
Linda Allen
Thomas Brandt
David Brinkley
Jamaal Craddock
James Daly

Kenneth Haines
Sheila Hill
Richard Norman
Douglas Prouty
Michael Stafford, Jr.
Matthew Wyskiel

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Agency Staff members present included: Martin Noven, Executive Director/Board Secretary
 Andrew Palmer Janet Sirkis Patricia Fitzhugh
 Angie Jenkins Ken Reott Robert Diehl
 Anne Gawthrop Kim O’Keeffe Toni Voglino
 David Rongione Megan Myers Van Lewis
 Greg Busch Melody Countess

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

Other attendees included: Justin Hayes and Alex Butler (Comptroller’s Office); Anne Shelton (Public Advisor)

On a motion made by Treasurer Davis and seconded by Mr. Norman, the Board returned to open session at 10:09 a.m., via a video/audio conference call.

OPEN SESSION

The Trustees present included:

Peter Franchot, Chairman, Presiding	Kenneth Haines
Dereck Davis, Vice Chairman	Sheila Hill
Linda Allen	Richard Norman
Thomas Brandt	Douglas Prouty
David Brinkley	Michael Stafford, Jr.
Jamaal Craddock	Matthew Wyskiel
James Daly	

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary
 Andrew Palmer Janet Sirkis Patricia Fitzhugh
 Angie Jenkins Ken Reott Robert Diehl
 Anne Gawthrop Kim O’Keeffe Toni Voglino
 David Rongione Megan Myers Van Lewis
 Greg Busch Melody Countess Scott Bolander (live stream)

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

Other attendees included: Justin Hayes and Alex Butler (Comptroller’s Office); Anne Shelton (Public Advisor)

During closed session, the Board of Trustees discussed and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the March 15, 2022 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from March 16, March 24, March 30, April 7 and April 13, 2022.

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Adjournment There being no further business before the Board, on a motion made by Mr. Daly and seconded by Treasurer Davis, the meeting adjourned at 10:10 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Martin Noven", with a long horizontal flourish extending to the right.

Martin Noven
Secretary to the Board

**BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
APRIL 5, 2022**

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Jonathan Martin
Linda Allen	Marc Nicole
Thomas Brandt	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Greg Busch	Michael Golden	Andrew Palmer
Robert Diehl	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Megan Myers	David Rongione
Anne Gawthrop	Van Lewis	Scott Bolander (live stream)

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

Other attendees included: Laura Atas (Treasurer's Office)

2022 Legislation

THIS MATTER WILL BE DISCUSSED OUTSIDE THE CONSENT AGENDA IN OPEN SESSION.

Ms. Anne Gawthrop provided the Committee an updated overview of the 2022 pension related legislation introduced to the General Assembly since the March Board of Trustees meeting.

Member Services Update

Mr. Reott provided a Member Services update, reporting that while the unit continues to fall short of their performance goal, the performance rates were favorable over last year's number with an abandonment rate of 13.06% and average call wait time of 254 seconds. He indicated that the unit received 84,615 calls year-to-date, which is a decrease of about 7% from last year's numbers. However, there has been a 9% increase in the amount of correspondence that the unit has received year-to-date.

Mr. Reott reported that staff initiated a strategy to help improve the performance numbers, which included reducing the number of calls, increasing staff and improving staff performance. Mr. Reott provided an update on that strategy measure reporting that the numbers show that more members are using the *mySRPS* portal to self-handle requests, staff has been reviewing agency forms to improve them for member use and staff continues to roll-out *mySRPS* registration letters to the vested members.

Mr. Reott reported that the Agency's request for additional positions for the member services unit was denied. However, he moved four positions from other units, within the Agency, to the member services unit. In addition, the Agency has been able to hire someone to fill a manager position within that unit and two additional Supervisor positions will be filled by the end of April. Mr. Reott reported that four new retirement specialists are currently in training and will be able to transition over to the call center between mid-May and mid-June.

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***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
APRIL 5, 2022***

Mr. Brandt asked why the Agency's request for additional positions was denied.

Mr. Noven responded that the Department of Budget and Management expects the Agency to fill existing vacancies before it will approve the additional positions.