April 21, 2020

The Board of Trustees for the Maryland State Retirement and Pension System convened, via video-conference call with the host site at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, beginning at 9:40 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman

Linda Herman
Sheila Hill

David Brinkley
Eric Brotman
Charles Johnson
Jamaal Craddock
Richard Norman
Kenneth Haines
Douglas Prouty
David Hamilton
Michael Stafford, Jr.

Agency Staff members attending included:

R. Dean Kenderdine, Executive Director/Board Secretary (on site)

Robert Burd Angie Jenkins (on site) Ken Reott (on site)
Anne Gawthrop Kim O'Keeffe (on site) David Rongione
Michael Golden Andrew Palmer Janet Sirkis (on site)
Ira Greenstein Brad Taylor (live stream)

Assistant Attorneys General present included: Rachel Cohen (on site)

Other attendees included: Justin Hayes

Consent Agenda

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

- March 17, 2020 Open Meeting Board Minutes
- March 23, 2020 Ad Hoc Committee on Governance Meeting Summary

Ratification of the Board of Trustees' Vote to Approve a Notice to Extend Certain

Time Requirements

On March 30, 2019, R. Dean Kenderdine, Executive Director, electronically provided to each member of the Board of Trustees a draft Notice Extending Certain Time Requirements for the following items:

- A. Disability Retirement
 - 1. Accepting a disability award;
 - 2. Diligent pursuit of disability claims;
 - 3. Requests for Reconsideration;
 - 4. Appeal of Denial of Disability Claim; and
 - 5. Acceptance of disability application from a surviving beneficiary
- B. Service Retirement
 - 1. Effective date of a service retirement allowance and eligibility for unused sick leave credit; and
 - 2. Change of optional form of allowance
- C. Public Information Act Requests
- D. Domestic Relations Orders

The notice extending certain time requirements was drafted pursuant to the Proclamation of Governor Lawrence J. Hogan, Jr., dated March 5, 2020 proclaiming a state of emergency and a catastrophic health emergency related to COVID-19, as it may be amended or renewed from time to time, and the Order of the Governor dated March 12, 2020, entitled "Extending Certain Licenses, Permits, Registrations, and other Governmental Authorizations, and Authorizing

BoT Minutes 042120 Open.docx Page 1 of 6

April 21, 2020

Suspension of Legal Time Requirements" as it may be amended from time to time, after finding that the action(s) described will not endanger the public health, welfare, or safety.

Having received individual electronic votes in favor of the Notice Extending Certain Time Requirements, from a majority of Trustees, the Board had previously approved the recommendation to extend certain time requirements, as presented. This matter was brought to the Board of Trustees for ratification of that electronic vote.

On a motion made by Mr. Haines and seconded by Mr. Norman, the Board of Trustees ratified its vote to approve the Notice Extending Certain Time Requirements, as presented.

CIO Report

Mr. Palmer provided the Board with two fund tear sheets, one as of February 29, 2020, which showed that the total fund value at \$54.8 Billion, with a fund return of -2.12% for the month and a return of 7.42% for the trailing year. The February report included final benchmark data that showed the System 18 basis points (0.18%) ahead of the benchmark for the fiscal year. The second tear sheet provided preliminary numbers, as of March 31, 2020. The total fund value was approximately \$51.1 Billion. The report also showed that the fund's return for the month was -6.41% and was -0.69% for the trailing year.

Mr. Palmer reported that, at Trustee Stafford's request, the tear sheet now includes the total actuarial liabilities, which is represented by the green line of the graph in the Total Fund Assets/Liabilities box.

Mr. Palmer reported that the fund entered April underweight in stocks, but that staff had been adding to U.S. large cap stocks and reducing rate sensitive assets. He further noted that as of the time of the meeting, U.S. large cap stocks had continued to recover and were now positive fiscal-year-to-date while small cap and non-U.S. stocks were still down.

Mr. Stafford asked about the policy benchmark for March.

Mr. Palmer replied that the policy benchmark was not available yet for March. Many of the asset class benchmarks are available soon after month end but the Absolute Return benchmark is not available until the beginning of the next month. He noted that active managers struggled in March as might be expected with the very sudden change in outlook. It was his expectation that when the benchmark data was available the System would trail the benchmark in March but remain at or ahead of the benchmark fiscal year to date.

Mr. Palmer also reported that the System had been asked to sign on to a letter from the International Limited Partners Association (ILPA) regarding the federal Paycheck Protection Program. Enacted as part of the federal CARES Act to, in part, provide small business loans in response to the COVID-19 pandemic that could potentially be forgiven if employers met certain conditions. The letter was written to the Congressional leadership expressing concern that existing affiliation regulations prevented certain companies from qualifying as small businesses

BoT Minutes 042120 Open.docx Page 2 of 6

April 21, 2020

because of their private fund ownership structure. The Trustees were previously provided with a copy of the letter, as well as background information. Mr. Palmer reported that the letter had already been issued by ILPA, and therefore, the question of whether the System should sign on was moot.

Mr. Brotman commented regarding the Paycheck Protection Program and its assistance to small businesses, that he did not know what role the Act could play for the System's portfolio specifically, but that he feels the Board should not engage in the matter.

Mr. Palmer responded that the Act targets small to medium sized companies in which the company may have to lay people off and allows those companies to enter into a buyout partnership.

Mr. Stafford asked if Mr. Palmer was seeking approval from the Board of Trustees.

Mr. Palmer responded no, that his report was for informational purposes only and that he was only closing the loop on his recent communications to the Board of Trustees seeking the Board's consideration of whether to join in the ILPA letter.

Executive Director's Report

Mr. Kenderdine asked the Board for topic and speaker suggestions for the Board's annual education session, which is scheduled to be held on Tuesday, October 20, 2020. Suggestions should be emailed to Mr. Kenderdine, Mr. Palmer and Angie Jenkins.

Mr. Kenderdine reported that the Agency was still performing under the business continuity plan and that the April payroll was being processed without any issues. Mr. Kenderdine also reported that the Agency's call center was still operating successfully with twelve retirement benefits counselors taking calls remotely.

Treasurer Kopp asked if Agency employees working at SRA offices have to go through the same daily screening process as do State employees working in Annapolis offices.

Mr. Kenderdine responded that Agency employees are following the screening protocol required by the State Department of General Services, in which each employee on-site is screened by a Supervisor, maintains social distancing, wears a face mask and uses hand sanitizer.

Mr. Kenderdine reported that Fidelity and TIAA, the two recordkeepers of the State's Optional Retirement Program (ORP), have asked if the Board wished to opt-in or opt-out of the provisions of the recently passed federal CARES ACT which would allow ORP members to take distributions from their accounts under certain COVID-19 hardship circumstances. He further reported that a telephone survey of Trustees on the matter found the majority of Board members in support of allowing ORP members to exercise this opportunity.

3oT Minutes 042120 Open.docx Page 3 of 6

April 21, 2020

Ms. Cohen reported that the Federal CARES Act allows for 403(b) participants to take one or more corona-virus-related distributions in 2020 of up to \$100,000, if certain qualifications are met. If the Board approved of this program for ORP members, amendments to the current plan document would be required.

Treasurer Kopp asked how this will be presented to the ORP members.

Ms. Cohen responded that TIAA and Fidelity will have communications that will be provided to each ORP member.

Treasurer Kopp asked that the Agency send a communication to the participants and that the Board of Trustees be provided a copy of those communications.

Mr. Burd responded that the System can also send a notice to the participants and that a copy could be provided to the Board, as well.

Ms. Cohen recommended that the Board vote on this matter.

On a motion made by Mr. Brotman and seconded by Mr. Prouty, the Board voted to authorize corona-virus-related distributions from the ORP in accordance with the federal CARES Act. Trustee Herman opposed the motion.

Ms. Cohen advised that she would prepare a written amendment to the ORP plan document for the Board's review and approval at an upcoming meeting.

Page 4 of 6

On a motion made by Mr. Brotman and seconded by Mr. Norman, the Board voted to meet in a Closed Session, beginning at 10:07 a.m., via video-conference call with the host site at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, 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 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
- 2. 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 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 psychological information.

oT Minutes 042120 Open.docx

April 21, 2020

CLOSED SESSION

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman

Linda Herman
Sheila Hill

David Brinkley F. Patrick Hughes
Eric Brotman Charles Johnson
Jamaal Craddock Richard Norman
Kenneth Haines Douglas Prouty
David Hamilton Michael Stafford, Jr.

Agency Staff members attending included:

R. Dean Kenderdine, Executive Director/Board Secretary (on site)

Robert Burd Angie Jenkins (on site) David Rongione
Anne Gawthrop Kim O'Keeffe (on site) Janet Sirkis (on site)
Michael Golden Andrew Palmer Brad Taylor (live stream)

Ira Greenstein Ken Reott (on site)

Assistant Attorneys General present included: Rachel Cohen (on site)

Other attendees included: Justin Hayes

On a motion made by Mr. Haines and seconded by Mr. Norman, the Board returned to open session at 10:09 a.m., via video-conference call with the host site at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland.

OPEN SESSION

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding

Linda Herman

Peter Franchot, Vice Chairman

Sheila Hill

David Brinkley F. Patrick Hughes
Eric Brotman Charles Johnson
Jamaal Craddock Richard Norman
Kenneth Haines Douglas Prouty
David Hamilton Michael Stafford, Jr.

Agency Staff members attending included:

R. Dean Kenderdine, Executive Director/Board Secretary (on site)

Robert Burd Angie Jenkins (on site) David Rongione
Anne Gawthrop Kim O'Keeffe (on site) Janet Sirkis (on site)
Michael Golden Andrew Palmer Brad Taylor (live stream)

Ira Greenstein Ken Reott (on site)

Assistant Attorneys General present included: Rachel Cohen (on site)

Other attendees included: Justin Hayes

BoT Minutes 042120 Open.docx Page 5 of 6

April 21, 2020

During closed session, the Board of Trustees discussed and took action on the following matters:

Closed Session Minutes The Board reviewed and approved the March 17, 2020 closed session

minutes.

Medical Board Reports The Board reviewed and adopted the medical board reports from March

26 and April 15, 2020.

Adjournment There being no further business before the Board, on a motion made by

Mr. Hughes and seconded by Mr. Haines, the meeting adjourned at 10:11

a.m.

Respectfully submitted,

R. Dean Kenderdine Secretary to the Board

BOARD OF TRUSTEES MARYLAND STATE RETIREMENT AND PENSION SYSTEM

AD HOC COMMITTEE ON GOVERNANCE MEETING SUMMARY MARCH 23, 2020

Recommendations for Modifications to Board Governance Policies and Charters as Assigned to Committee by the Board of Trustees The Committee reviewed and discussed each of the following governance reform recommendations assigned to the Committee by the Board of Trustees. To facilitate Committee discussions, staff provided draft governance reform policy language for the Committee's consideration.

- (a) Policy for the election of Board Chair and Vice Chair, and the policy for the selection and approval of Committee Chairs and Vice Chairs.
- (b) Reduce size of Investment Committee to 9 members
- (c) Advocate reduction in size of Board to 11 members
- (d) Develop process/timetable for policy setting and key strategic issues
- (e) Attain Board authority over SRA budget, personnel and procurement
- (f) Develop policy for advising the Governor on filling Board vacancies
- (g) Consider permanent Board Committee on Governance

While the Committee reached conclusions for certain topics, the Committee requires a second meeting to address all seven topics in order to bring a comprehensive set of recommendations to the Board at a later date.