

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

May 17, 2022

The Board of Trustees for the Maryland State Retirement and Pension System convened, via a hybrid video/audio conference call at 120 E. Baltimore Street, 16<sup>th</sup> Floor, Baltimore, Maryland, beginning at 1:34 p.m.

The Trustees present included:

Peter Franchot, Chairman, Presiding  
Dereck Davis, Vice Chairman  
Linda Allen  
Thomas Brandt (in-person)  
David Brinkley (in-person)  
Jamaal Craddock

James Daly (in-person)  
Kenneth Haines  
Sheila Hill (in-person)  
Richard Norman  
Michael Stafford, Jr. (in-person)  
Matthew Wyskiel

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary (in-person)

Andrew Palmer (in-person)	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)

Consent Agenda

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

- April 19, 2022 Open Meeting Board Minutes
- April 19, 2022 Audit Committee Meeting Summary

Recommendation of the Corporate Governance and Securities Litigation Committee regarding Proxy Voting Guidelines

Ms. Voglino reported that due to technical difficulties at the Corporate Governance and Securities Litigation Committee meeting earlier that day, the meeting had to be canceled and therefore, this item was not discussed and would need to be deferred.

Recommendation of the Investment Committee regarding the Optional Retirement Program

On a motion made by Mr. Stafford, Chairman of the Investment Committee and seconded by the Committee, the Board approved the following recommendations as presented in the memorandum to the Board.

**Fidelity Recommendations:**

1. Approve Fidelity’s annual recordkeeping fee reduction from \$45 per participant to \$42 per participant.
2. Replace the Blackrock Equity Dividend Fund Institutional (MADVX) with the Columbia Dividend Income Fund (CDDYX).
  - a. Replacement is recommended due to underperformance relative to the Russell 1000 Value Index for the 1, 3, and 10-year annualized periods and a higher management fee relative to the Columbia Dividend Income Fund.
  - b. Existing assets and future contributions should be mapped from the Blackrock Equity Dividend Fund Institutional (MADVX) to the new Columbia Dividend Income Fund (CDDYX).

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**TIAA Recommendations:**

1. Approve TIAA's annual recordkeeping fee reduction from \$45 per participant to \$28 per participant.
  
2. Approve the change in share class for the Vanguard Total International Stock Index Fund from the existing ticker VTSNX to new ticker VTPSX.
  - a. Replacement is recommended due to the expense ratio reduction from 0.08% to 0.07%.
  - b. Existing assets and future contributions should be mapped from ticker VTSNX to VTPSX.
  
3. Approve the share class change for the CREF Bond Market Account in the RC contract from class R3 to R4.
  - a. Replacement is recommended due to the net expense ratio reduction of 2 basis points in annual fees.
  - b. Existing assets and future contributions should be mapped from the R3 share class to the R4 share class.
  
4. Approve the share class change for the CREF Social Choice Account in the RC contract from class R3 to R4.
  - a. Replacement is recommended due to the net expense ratio reduction of 2 basis points in annual fees.
  - b. Existing assets and future contributions should be mapped from the R3 share class to the R4 share class.

Recommendation of the  
Investment Committee  
regarding the Criteria  
for the Chief Investment  
Officer's Evaluation

On a motion made by Mr. Stafford, Chairman of the Investment Committee and seconded by the Committee, the Board approved the Criteria for the Chief Investment Officer's Evaluation, as presented.

CIO Report

Mr. Palmer reported that the fund performance struggled with the bond stock market with another loss at the end of April of about 3%. Mr. Palmer reported that the fund market value was \$66.6 Billion on April 30, 2022.

Mr. Palmer reported that the investment division just hired Stuart Kaye as a Senior Portfolio Manager.

Executive Director's  
Report

Mr. Noven apologized for the technical difficulties that arose before the Committee meetings and thanked Secretary Brinkley for the introduction to his Information Technology team.

On a motion made by Mr. Daly and duly seconded, the Board voted to meet in a Closed Session, beginning at 1:42 p.m., via a hybrid video/audio conference call at 120 E. Baltimore Street, 16<sup>th</sup> Floor, Baltimore, Maryland, 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

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that the minutes of a closed session be sealed and not be open to public inspection;

- 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; and
- c) discussing the recommendation of the Investment Committee regarding the appointment of a Public Advisor to the Investment Committee, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function; and General Provisions Art., § 3-305(b)(1)(ii), 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:

Peter Franchot, Chairman, Presiding  
Dereck Davis, Vice Chairman  
Linda Allen  
Thomas Brandt (in-person)  
David Brinkley (in-person)  
Jamaal Craddock

James Daly (in-person)  
Kenneth Haines  
Sheila Hill (in-person)  
Richard Norman  
Michael Stafford, Jr. (in-person)  
Matthew Wyskiel

Agency Staff members present included: Martin Noven, Executive Director/Board Secretary (in-person)

Andrew Palmer (in-person)	Janet Sirkis	Patricia Fitzhugh
Angie Jenkins	Ken Reott	Robert Diehl
Anne Gawthrop	Kim O'Keefe	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)

On a motion made by Mr. Norman and seconded by Mr. Haines, the Board returned to open beginning at 1:46 p.m., via a hybrid video/audio conference call at 120 E. Baltimore Street, 16<sup>th</sup> Floor, Baltimore, Maryland

**OPEN SESSION**

The Trustees present included:

Peter Franchot, Chairman, Presiding  
Dereck Davis, Vice Chairman  
Linda Allen  
Thomas Brandt (in-person)  
David Brinkley (in-person)  
Jamaal Craddock

James Daly (in-person)  
Kenneth Haines  
Sheila Hill (in-person)  
Richard Norman  
Michael Stafford, Jr. (in-person)  
Matthew Wyskiel

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Agency Staff members present included: Martin Noven, Executive Director/Board Secretary (in-person)

Andrew Palmer (in-person)	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)

During closed session, the Board of Trustees discussed and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the April 19, 2022 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from April 21, April 27, May 5 and May 11, 2022.
Appointment of a Public Advisor to the Investment Committee	The Board approved the recommendation of the Investment Committee regarding the appointment of Mr. Michael Barry to the committee as Public Advisor.

Adjournment                      There being no further business before the Board, on a motion made by Mr. Norman and seconded by Mr. Haines, the meeting adjourned at 1:46 p.m.

Respectfully submitted,



Martin Noven  
Secretary to the Board

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**AUDIT COMMITTEE MEETING SUMMARY – OPEN SESSION  
APRIL 19, 2022**

The Committee Members present included:

Richard E. Norman, Chairman

Thomas M. Brandt, Vice-Chairman

Jamaal R. A. Craddock

Kenneth B. Haines

Agency Staff members attending included:

Martin Noven

Kenneth Reott

Kimberly O’Keeffe

Megan Myers

David Rongione

Andrew Palmer

Robert Burd

Toni Voglino

Melody Countess

Patricia Fitzhugh

Robert Diehl

Thomas Montanye

Lauren Smith

Gregory Busch

Richa Sultana

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

Other attendees included: Andrew Weidenhamer, Ryan Millerick and Amy Black (RSM US LLP);  
Jeffrey Binford (Clearview Group)

Audit Plan Status

Mr. Rongione reviewed the status of the Audit Plan indicating that there are currently 5 audits in progress. He expects to have all of them completed by the end of the fiscal year. He added by saying that progress is being made on the participating employer audits, however these are significantly behind schedule due to the delay in the procurement for this service. He mentioned that there is a significant increase in the open issues log for the Information Systems department mainly due to the cyber security audit completed by RSM USA LLP.

Data Analytic /  
Continuous Audit  
Dashboard

Mr. Rongione reviewed the Data Analytics table that shows the number of exceptions by quarter for the fiscal year. He mentioned that the DOB Verification for Members is producing the most issues. He added by saying that after each analysis is complete on a monthly basis, a detail report is drafted and shared with management for them to take corrective action. He directed the Audit Committee to the table that compares year to year data. He emphasized in the far-right columns of that table shows the number of remaining open issues. He mentioned that there are 11 open issues from FY2021. Management has indicated that some of these issues have already been corrected. IAD is waiting for proper support documents to be scanned into the Agency’s document imaging system so it can be verified and removed from the issues log.

Open Issues Log

Mr. Rongione mentioned that IAD was able to close two issues since last meeting. He said 28 new issues were added with the completion of the most recent audits. He added by saying there are 46 remaining issues of which 34 issues are related to this fiscal year. 28 of them are related to cyber security audit and 6 issues are related to the Enrollments audit. Of the 12 issues that are related to last fiscal year, 8 of them are related to the investments audit which are currently under review.

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**AUDIT COMMITTEE MEETING SUMMARY  
APRIL 19, 2022**

Agency Wide Risk  
Assessment

Mr. Rongione mentioned that the Annual Risk Assessment process will begin in May 2022. Questionnaires will be sent to Audit Committee members, management, and staff. The results of the questionnaires will be compiled to determine business process risks, and the risks will then be rated based on likelihood and impact. The processes are then sorted based on risk and the highest risk processes will be included in the FY23 Audit Plan.

Completed Audits

Mr. Rongione reviewed the results of the recently completed audits. He mentioned that the Annual Network Security Audit was a “Green” report, meaning that there was an acceptable state of control and compliance. The scope of the audit included examining network security controls during the period of July 1, 2021 through March 1, 2022. The audit identified one issue, and Management has agreed to the issue and responded with an acceptable remediation plan.

Mr. Norman inquired for more information regarding the exception. Mr. Busch responded, giving more detail of the finding. Mr. Brandt asked whether the issue reported in this audit was already included in the RSM USA LLP’s cyber security audit report. Mr. Rongione responded yes and added by saying IAD’s audit focused more on compliance with the IT security manual, and that any potential variance in findings between the reports could be due to the scope and timing of the audits.

Mr. Rongione presented the Investment Valuation and Performance audit report which was also a “Green” report, meaning that there was an acceptable state of control and compliance. The scope included examining controls over the valuation process during the period of December 1, 2020 through December 31, 2021. No issues were identified during this audit.

Annual Investment  
Compliance Report

Ms. Voglino mentioned that the Investment Compliance team will be reporting any issues to the Audit Committee that the Board should know about. The Investment Compliance team is proposing presenting the report on an annual basis. The report will include topics such as external and internal investment guideline monitoring, incomplete external manager questionnaires, private fund annual certification results, violation on personal trading policy, conflict of interest and code of ethics issues. The report will also include information on staff training, reporting on regulatory and compliance issues and the ratings in Sudan and Russian Divestment Program.

Ms. Voglino advised that some of the items in the report may have employee names, therefore meetings may have to go into closed session. Ms. Voglino added that if the Audit Committee has any additional input, she will be more than happy to include them in the report.

Mr. Brandt inquired if the Agency encounters any friction with funds in relation to side letters. Ms. Voglino stated that the Agency has not experienced any issue with the private equity funds to comply for the annual certification. Ms. Cohen stated that a memo was presented to the Board related to the side letters which predates Mr. Brandt’s membership at the Board. She said that she will send a copy of that memo to Mr. Brandt.

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***AUDIT COMMITTEE MEETING SUMMARY  
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Other Business

Mr. Rongione mentioned that the Internal Audit Services procurement has been finalized by IAD for the evaluation phase. Procurement has sent the results to Maryland Department of General Services (DGS) for approval which will then go to the Board of Public Works (BPW) for approval. Mr. Rongione expects the contract to take effect by July 1, 2022.

Mr. Rongione also provided an update on the Office of Legislative Audit (OLA) report which is expected to be received by late this week or early next week. Upon receipt of the report, Mr. Rongione will share the results of the audit with the Audit Committee.

Mr. Norman mentioned that the committee will have ample of time to review the OLA audit report prior to the next Audit Committee meeting which is scheduled for July 19, 2022.