

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

October 15, 2019

The Board of Trustees for the Maryland State Retirement and Pension System convened at the Miller Senate Office Building, West 1 Conference Room, 11 Bladen Street, Annapolis, Maryland, beginning at 4:15 pm.

The Trustees present included:

Nancy K. Kopp, Chairman, presiding	Sheila Hill
Peter Franchot, Vice Chairman	Charles Johnson
Jamaal Craddock	Richard Norman
Kenneth Haines	Douglas Prouty
David Hamilton (via phone)	Michael Stafford (via phone)
Linda Herman	

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

Melody Countess	Ira Greenstein	Andrew Palmer
Michael Golden	Angie Jenkins	Harvey Raitzyk
		Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Phillip Anthony, Bernadette Benik and Justin Hayes

Consent Agenda Ms. Herman requested that the September 17, 2019 open meeting minutes be amended to reflect that her question to Mr. Armstrong from GRS, regarding the actuarial value of assets was whether the \$106.0 million loss reflected in the report is one year's share of a \$500 million loss, smoothed out over five years.

Treasurer Kopp requested that language be added to the September 17, 2019 open meeting minutes regarding the Actuarial Audit Services Provider Contract, that would provide detailed information as to why only one bid was received in response to that contract solicitation.

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

- September 17, 2019 Open Meeting Board Minutes, with amendments.
- October 1, 2019 Administrative Committee Meeting Summary.

Final Adoption of Proposed Amendments to COMAR Mr. Raitzyk presented proposed amendments to COMAR 22.01.09 – Interest-Annuity Savings Fund, which were previously adopted by the Board of Trustees for submission to the Administrative, Executive, and Legislative Review Committee, and then published in the Maryland Register for public comment. Mr. Raitzyk reported that the 45-day comment period had expired, and no comments were received. Therefore, the proposed amendments were being presented to the Board of Trustees for final adoption.

On a motion made by Mr. Norman and seconded by Ms. Herman, the Board of Trustees, approved for final adoption, the amended regulations concerning COMAR 22.01.09 - Interest-Annuity Savings Fund.

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

October 15, 2019

Recommendation
of the
Administrative
Committee
regarding Final
Adoption of
Proposed
Amendments to
COMAR

Mr. Raitzyk presented proposed amendments to COMAR 22.01.12 – Enrollment in the State System, which were previously adopted by the Board of Trustees for submission to the Administrative, Executive, and Legislative Review Committee, and to publish them for comment in the Maryland Register. Mr. Raitzyk reported that after publishing the proposed changes in the Maryland Register, comments to the changes were received from Montgomery County Public Schools (MCPS). A copy of the comments from MCPS, as well as, the Agency’s Retirement Administrator’s response, were provided to the Board of Trustees.

Mr. Raitzyk reported that MCPS expressed concern regarding the removal of the requirement of members to submit a designation of beneficiary form. Additionally, it also expressed concern about the amount of paperwork required to be provided for each MCPS position that is considered a teacher position.

Mr. Raitzyk reported that the Agency responded to MCPS informing them that streamlining of the process of submitting job descriptions will be analyzed as part of the next phase of the MPAS+ project, which includes re-engineering enrollment and employer payroll reporting processes.

Treasurer Kopp asked if Agency has a method for tracking commitments of what staff has promised.

Mr. Kenderdine responded that the Agency does have a method of tracking such matters.

On a motion made by Mr. Norman and seconded by Mr. Prouty, the Board of Trustees, approved for final adoption, the amended regulations concerning COMAR 22.01.12 – Enrollment in the State System.

Recommendation
of the
Administrative
Committee
regarding
Proposed
Adoption of
Amendments to
COMAR

Mr. Raitzyk presented proposed amendments to COMAR 22.01.13 – Member Services Unit – Telephone Recording and Monitoring. Mr. Raitzyk reported that the change in the regulation clarifies that in addition to incoming calls, any callbacks to our members through the Automated Call Distribution System, are also being recorded and monitored.

On a motion made by Mr. Norman and seconded by Ms. Hill, the Board of Trustees approved the Administrative Committee’s recommendation, to submit the proposed amendments to COMAR 22.01.13 – Member Services Unit - Telephone Recording and Monitoring, to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register.

Executive
Director’s Report

Mr. Kenderdine asked that the Trustees take a moment and complete the survey form, at their place, regarding the 2019 education session.

-+---

Mr. Kenderdine reported that management for the parking garage at the SunTrust Building has changed the hours of operation so that it is now open 24-hours a day and as a result, is now drawing overnight parking from the area’s surrounding apartments and condominiums. Therefore, effective immediately, building management will no longer provide the service of reserving parking spaces for Board or Committee meetings.

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

October 15, 2019

Mr. Kenderdine indicated that if a space is not available at the SunTrust building garage on a meeting day, there are other garages within proximity of the building.

Mr. Kenderdine provided the Board with a copy of the correspondence that the Maryland Retired School Personnel Association (MRSPA) plans to mail to school retirees to recruit new members. Mr. Kenderdine reported that staff, as well as Trustee Haines have reviewed the material and had no concerns.

CIO Report

Mr. Palmer reported that the Investment Division recently hired Mr. Ratna Rota to the Equity Team and that Ms. Pat Wild, Managing Director, announced her retirement.

Mr. Palmer provided the Board with a preliminary performance report for the quarter ending September 30, 2019, which showed the total fund value at approximately \$54.1 Billion. Mr. Palmer reported that, through September, the fund returned 0.43% for the month and 1.16% fiscal-year-to-date.

Ms. Herman asked why the fund was underperforming for the trailing year in four asset classes.

Mr. Palmer responded that the Investment Committee would receive an in-depth review of performance in the November meeting but broadly, the one year performance is dominated by the first six months of this year so the drivers discussed in the September meeting would still be the most important; namely, equity factor managers underperforming and a below benchmark exposure to long government bonds.

Ms. Herman further asked if the relative performance for the Real Estate portfolio for September showed assets and the benchmark for the same time frame.

Mr. Palmer responded that the quarterly numbers are not aligned but that the trailing one-year comparison reflected all private assets and benchmarks as of June 30 and all public assets and benchmarks as of September 30.

Mr. Palmer also reminded the Board that the performance tear sheet did not provide relative performance for the System and for the Absolute Return portfolio because the Absolute Return Benchmark is revised two times and the revisions are as much as one percentage point. Until the final numbers are reported there is little value in review.

On a motion made by Mr. Norman and seconded by Mr. Haines, the Board voted to meet in a Closed Session, beginning at 4:37 p.m., at the Miller Senate Office Building, West 1 Conference Room, 11 Bladen Street, Annapolis, Maryland, for the purpose of:

- a) reviewing the September 17, 2019 closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;

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

October 15, 2019

- 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 statutory requirement that prevents public disclosure, 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) receiving legal advice from counsel and discussing pending litigation in the case of Caruso v. PEAKS Trust 2009-1, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice and pursuant to General Provisions Art., § 3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

CLOSED SESSION

The Trustees present included:

Nancy K. Kopp, Chairman, presiding	Sheila Hill
Peter Franchot, Vice Chairman	Charles Johnson
Jamaal Craddock	Richard Norman
Kenneth Haines	Douglas Prouty
David Hamilton (via phone)	Michael Stafford (via phone)
Linda Herman	

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

Michael Golden	Angie Jenkins	Harvey Raitzyk
	Andrew Palmer	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Bernadette Benik and Justin Hayes

On a motion made by Mr. Prouty and seconded by Mr. Haines, the Board returned to open session at 4:48 p.m. at the Miller Senate Office Building, West 1 Conference Room, 11 Bladen Street, Annapolis, Maryland.

OPEN SESSION

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

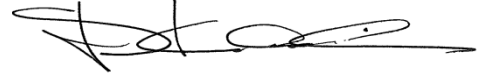
Closed Session Minutes	The Board approved the September 19, 2019 closed session minutes.
Medical Board Reports	The Board adopted the medical board reports from September 18, September 26, October 2 and October 10, 2019.
Caruso v. PEAKS Trust 2009-1	The Board received privileged and confidential advice of counsel regarding the matter of Caruso v. PEAKS Trust 2009-1.

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

October 15, 2019

Adjournment There being no further business before the Board, on a motion made by Mr. Prouty and seconded by Mr. Norman, the meeting adjourned at 4:49 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Dean Kenderdine', with a long horizontal flourish extending to the right.

R. Dean Kenderdine
Secretary to the Board

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

**ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 1, 2019**

Proposed
Amendments to
COMAR
22.01.13 –
Member
Services Unit –
Telephone
Recording and
Monitoring

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE THE
CONSENT AGENDA IN OPEN SESSION.**

Mr. Reott presented proposed amendments to COMAR 22.01.13 – Member Services Unit – Telephone Recording and Monitoring.

On a motion made by Mr. Nicole and seconded by Mr. Prouty, the Administrative Committee voted to recommend that the Board of Trustees vote to submit the proposed amendments to COMAR 22.01.13 to the Administrative, Executive, and Legislative Review Committee, and publish them for comment in the Maryland Register.

Final Adoption
of Proposed
Amendments to
COMAR
22.01.12 –
Enrollment in
the State
System

**THIS MATTER WILL BE DISCUSSED AND VOTED ON OUTSIDE THE
CONSENT AGENDA IN OPEN SESSION.**

Mr. Reott presented proposed amendments to COMAR 22.01.12 – Enrollment in the State System, which were previously adopted by the Board of Trustees for submission to the Administrative, Executive, and Legislative Review Committee, and to publish them for comment in the Maryland Register. Mr. Reott reported that after publishing the proposed changes in the Maryland Register, comments to the changes were received from Montgomery County Public Schools (MCPS).

A copy of the comments from MCPS, as well as, the Agency's Retirement Administrator's response, were provided to the Committee for its review to determine if the Committee wished to make any additional changes before the regulation is presented to the Board for final adoption.

On a motion made by Mr. Nicole and seconded by Mr. Haines, the Administrative Committee voted to recommend that the Board of Trustees, approve for final adoption, the amended regulations concerning the COMAR 22.01.12 – Enrollment in the State System.

Member
Services Update

Mr. Raitzyk reported that with the unit's call abandonment rate at 22.05% and the average speed of answer being 365 seconds, the Member Services unit was not able to meet its goals for the month of August.

Mr. Raitzyk reported that there has been an increase in the number of calls received, as well as a longer talk time. Those factors, as well as, three Retirement Benefits Specialist still in training and the Customer Relationship Management (CRM) system going live on August 6, 2019, contributed to the unit not meeting its performance goals. Mr. Raitzyk expressed expectation that as staff become more comfortable with the CRM system that its contribution to call wait times will diminish and will in fact improve wait time from historic experience.

In response to a request made by Treasurer Kopp at the August Administrative Committee meeting concerning survey responses where dissatisfaction or a suggestion of improvement was made, Mr. Raitzyk provided examples of how staff are now responding directly to members who bring such concerns forward. Members appreciated staff's responses to their comments.

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

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
OCTOBER 1, 2019***

Correction of
Errors – Offset
of Retirement
Benefits

The Administrative Committee approved the offset recovery schedules as presented.

City of
Annapolis
Enrollment
Matter

The Administrative Committee discussed and approved staff's recommendations regarding the City of Annapolis Enrollment matter.