

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

January 21, 2014

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, Baltimore, Maryland beginning at 9:58 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman, presiding	James Harkins (via phone)
Peter Franchot, Vice Chairman	Linda Herman (via phone)
David Blitzstein	F. Patrick Hughes
James Bush, Jr.	Major Morris Krome (via phone)
John Douglass (via phone)	Theresa Lochte (via phone)
T. Eloise Foster (via phone)	Harold Zirkin (via phone)
Robert Hagans (via phone)	Thurman Zollicoffer (via phone)
Kenneth Haines (via phone)	

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

Anne Budowski	Anne Gawthrop	Van Lewis
Robert Burd	Michael Golden	A. Melissa Moye
Margaret Bury (via phone)	Ira Greenstein	Kenneth Reott
Melody Countess	Angie Jenkins	Janet Sirkis
Patricia Fitzhugh		

Assistant Attorneys General present included: Deborah Bacharach, Kathy Brady, Rachel Cohen, Carla Golden Katzenberg (via phone) and Jill Leiner (via phone).

Also attended by: John Kenney.

Consent Agenda

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

- December 17, 2013 Open Meeting Board Minutes

2014
Legislative Position
Recommendations

Ms. Anne Gawthrop provided an overview of 2014 pension related legislation. *See Attachment A.*

On a motion made by Mr. Harkins and seconded by Mr. Bush, the Board approved the 2014 legislative positions; summarized as follows:

House Bill 128 / Senate Bill 188	State Retirement and Pension System – Military Service Credit – Exception	No Position
House Bill 194	Optional Retirement Program – Payment of Benefits – Criteria	No Position
House Bill 231 / Senate Bill 235	Governor – Pension and Health Benefits	No Position
House Joint Resolution 1	General Assembly Compensation Commission – Recommendations – Employees' Pension System	No Position

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Comprehensive
Annual Financial
Report (CAFR)

Melody Countess, Chief Operations Officer, presented an overview of the System's Comprehensive Annual Financial Report for Fiscal Year Ending 2013.

Ms. Countess thanked the senior staff for their help with the CAFR, with a special thanks to Patricia Fitzhugh.

CIO Report

Dr. A. Melissa Moye reported that the total market value of the fund, as of December 31, 2013, was \$43.2 Billion.

Dr. Moye reported that despite negative Fixed Income returns the fund return for one month was 1.11% and 8.44% fiscal year to date. Dr. Moye also reported that the policy benchmark for one month is 0.79%

Executive
Director's
Report

Mr. Kenderdine reminded the Board that budget hearings were scheduled for Tuesday, January 28 (Senate Committee) and Thursday, January 30 (House Committee), both beginning at 1:00 p.m. in Annapolis.

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Mr. Kenderdine announced that nominations are being accepted for the Investment Committee Public Advisor position, currently held by Wayne Shaner. Mr. Kenderdine indicated that Mr. Shaner, who has been a Public Advisor since 1992, has chosen to no longer run for that position.

Staff will conduct the necessary outreach for identifying potential candidates. This will include contacting individuals who have expressed interest in past years.

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Mr. Kenderdine asked the Board for topic suggestions for the 2014 Board Education Session that will be held on May 22, 2014.

CLOSED SESSION

On a motion made by Secretary Foster and seconded by Mr. Blitzstein, the Board voted to meet in a Closed Session (10:45 a.m.) in the Board Room of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. consulting with counsel to obtain legal advice, pursuant to State Gov't Art., § 10-508(a)(7);
2. discussing the Chief Investment Officer's Compensation Criteria, pursuant to State Gov't Art., § 10-508(a)(1)(i), the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction;
3. approving the closed session minutes, pursuant to State Government Article § 10-503(a)(1)(i), the exercise of an administrative function; and

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4. approving the Medical Board reports, pursuant to State Government Article § 10-508(a)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

The Trustees present included:

Nancy K. Kopp, Chairman, Presiding
Peter Franchot, Vice Chairman
David Blitzstein
James Bush, Jr.
John Douglass (via phone)
T. Eloise Foster (via phone)
Robert Hagans (via phone)

Kenneth Haines (via phone)
James Harkins (via phone)
Linda Herman (via phone)
F. Patrick Hughes
Major Morris Krome (via phone)
Theresa Lochte (via phone)
Harold Zirkin (via phone)

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

Anne Budowski

Anne Gawthrop

Angie Jenkins

Margaret Bury (via phone)

Michael Golden

Ken Reott

Melody Countess

Janet Sirkis

Assistant Attorneys General present included: Deborah Bacharach, Kathy Brady and Rachel Cohen.

Also attended by: John Kenney

OPEN SESSION

The Board returned to open session at 11:15 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street.

Garnett T. Walls

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Garnett T. Walls 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. Walls appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla Goldman Katzenberg, attorney for the Agency, addressed the Board, via telephone, and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

Frances E.
Hutchinson

The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Frances E. Hutchinson 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. Hutchinson presented her argument before the Board, via telephone, opposing the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, addressed the

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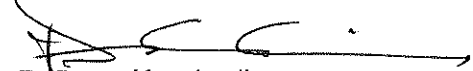
January 21, 2014

Decision and **DENY** Leo B. Wilt's request for accidental disability benefits.

Adjournment

There being no further business before the Board, the meeting adjourned at 11:54 a.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

ATTACHMENT A

Legislative Update 2014 Session January 21, 2014

House Bill 128 (Frank)/Senate Bill 188 (Brochin)

State Retirement and Pension System – Military Service Credit - Exception

These bills provide that judges who are unable to serve 10 years on the bench due to mandatory retirement at age 70, may apply for up to five years of military service if that judge has accrued at least eight years of service credit in the Judges' Retirement System at the time the individual turns 70 and is required to retire from the JRS. These bills will sunset on June 30, 2015.

- Hearing in Appropriations – 1/28/14, 1:00 pm
- No hearing scheduled in Budget and Tax at this time

Staff recommends taking no position on this legislation.

House Bill 194 (Rosenberg)

Optional Retirement Program – Payment of Benefits – Criteria

This legislation requires that benefits payable under the Optional Retirement Program begin at the earlier of the date when the participating employee separates from employment or reaches age 70 ½ .

- No hearing scheduled in Appropriations at this time

Staff recommends taking no position on this legislation.

House Bill 231 (The Speaker (By Request - Governor's Salary Commission))/ Senate Bill 235 (The President (By Request - Governor's Salary Commission)) Governor – Pension and Health Benefits

These bills provide that an individual serving as Governor on or after January 21, 2015, is entitled to retiree health benefits upon retirement equal to 1/16th of the State subsidy allowed a state employee for each year served as Governor. In addition, these proposals increase the normal retirement age for an individual serving as Governor on or after January 21, 2015, from age 55 to age 62.

- No hearing scheduled in the House Rules and Executive Nominations Committee at this time
- No hearing scheduled in Budget and Tax at this time

Staff recommends taking no position on this legislation.

House Joint Resolution 1 (Serafini)

General Assembly Compensation Commission – Recommendations – Employees’ Pension System

This resolution rejects all recommendations made by the General Assembly Compensation Commission in its 2014 Resolution to the General Assembly, including those recommendations addressing legislative salaries and retirement benefits. In addition, House Joint Resolution 1 provides that beginning January 14, 2015, every member of the General Assembly shall become a member of the Employees’ Pension System. Members of the General Assembly who are enrolled in the Legislative Pension Plan before January 14, 2015, and have 8 or more years of service as of that date will receive a benefit from the Legislative Pension Plan based on that service and may not transfer that service into the Employees’ Pension System. Members of the General Assembly who are enrolled in the Legislative Pension Plan before January 14, 2015, and have less than 8 years of service as of that date may purchase the additional years needed to reach 8 years, receive a refund of their employee contributions from the Legislative Pension Plan, or transfer their service credit from the Legislative Pension Plan to the Employees’ Pension System.

- No hearing scheduled in the House Rules and Executive Nominations Committee at this time

Staff recommends taking no position on this legislation.