

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

May 16, 2023

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

The Trustees present included:

Dereck Davis, Chair, Presiding	Kenneth Haines
Brooke Lierman, Vice-Chair (in person)	Sheila Hill
Linda Allen (in person)	Michael Howard (in person)
Thomas Brandt (in person)	Richard Norman
Jamaal Craddock	Douglas Prouty (in person)
James Daly (in person)	Robert Sandlass (in person)
Helene Grady (in person)	Michael Stafford, Jr. (in person)

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

Andy Palmer (in person)	Dave Rongione	Megan Myers
Angie Jenkins (in person)	Dominique Cherry (in person)	Melody Countess (in person)
Anne Gawthrop (in person)	Harris Kaplan	Michael Golden (in person)
Ben Robb	Janet Sirkis (in person)	Patricia Fitzhugh
Bob Diehl	Kathy Sirkis (in person)	Robert Burd (in person)
Chandra Puranam	Ken Reott (in person)	Toni Voglino
Danita Johnson	Kim O’Keeffe	

Assistant Attorneys General present, in person, included: Rachel Cohen, Emily Spiering, Alex Harisiadis and Tea Carnell

Other attendees included: Jonathan Martin and Megan Schutz (Treasurer’s Office); Dani DiPietro (Comptroller’s Office – in person); Michelle RhodesBrown (in-person); Monte Tarbox (in-person); Phillip Anthony (in person); Michael Rubenstein; Kate Kemmerer; Gar Chung; Sam Epps (in-person), Paul McGregor (in-person), Francisco Rivas (in-person), Ale Santoyo (in-person), Tony Arugello (in person), Carlos Contreras; Eileen O’Grady (in person).

Call Meeting to Order	Treasurer Davis, Chair of the Board of Trustees, having established that there was a quorum present, called the meeting to order.
Presentation by UNITE HERE	Sam Epps, Political Director with the UNITE HERE Local 25, along with Paul McGregor, Francisco Rivas, Ale Santoyo, Tony Arguello and Carlos Contreras, appeared before the Board of Trustees to offer public comment related to concerns about Brookfield’s Strategic Real Estate Partners Fund IV (BSREP IV). Treasurer Davis thanked everyone for appearing before the Board of Trustees and bringing to the Board’s attention their concerns.
Presentation by Private Equity Stakeholder Project	Eileen O’Grady, Research & Campaign Director with Private Equity Stakeholder Project appeared before the Board of Trustees to speak about issues related to NGP Energy Capital. Treasurer Davis thanked Ms. O’Grady for appearing before the Board of Trustees and bringing to the Board’s attention their concerns.

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

May 16, 2023

On a motion made by Mr. Brandt and seconded by Comptroller Lierman, the Board voted to meet in a Closed Session, beginning at 2:03 p.m., via a hybrid in-person meeting and video/audio conference call at 120 E. Baltimore Street, 16th 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 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;
- 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), 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 appointees, employees, or officials over whom it has jurisdiction; and
- d) discussing the recommendation of the Administrative Committee regarding the compensation of the Executive Director, pursuant to General Provisions Art., § 3-305(b)(1)(ii), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction.

CLOSED SESSION

The Trustees present included:

Dereck Davis, Chair, Presiding
Brooke Lierman, Vice-Chair (in person)
Linda Allen (in person)
Thomas Brandt (in person)
Jamaal Craddock
James Daly (in person)
Helene Grady (in person)

Kenneth Haines
Sheila Hill
Michael Howard (in person)
Richard Norman
Douglas Prouty (in person)
Robert Sandlass (in person)
Michael Stafford, Jr. (in person)

Agency Staff members attending included:

Martin Noven, Executive Director/Board Secretary (in person) (items a-c)
Andy Palmer (in person) (a-c) Angie Jenkins (in person) (a-d) Janet Sirkis (in person) (a-d)

Assistant Attorneys General present, in person, included: Rachel Cohen, Emily Spiering, Alex Harisiadis and Tea Carnell (items a-c)

Other attendees included: Dani DiPietro (Comptroller's Office, in person, items a-d)

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

May 16, 2023

On a motion made by Mr. Norman and seconded by Mr. Brandt, the Board returned to open session at 2:12 p.m., via a hybrid in-person meeting and video/audio conference call at 120 E. Baltimore Street, 16th Floor, Baltimore, Maryland

OPEN SESSION

The Trustees present included:

Dereck Davis, Chair, Presiding	Kenneth Haines
Brooke Lierman, Vice-Chair (in person)	Sheila Hill
Linda Allen (in person)	Michael Howard (in person)
Thomas Brandt (in person)	Richard Norman
Jamaal Craddock	Douglas Prouty (in person)
James Daly (in person)	Robert Sandlass (in person)
Helene Grady (in person)	Michael Stafford, Jr. (in person)

Agency Staff members attending, in-person, included: Angie Jenkins and Janet Sirkis

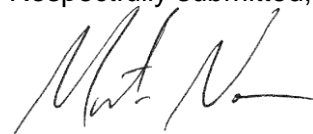
Other attendees included: Dani DiPietro (Comptroller's Office – in person)

During closed session, the Board of Trustees discussed the matters identified in the motion to meet in closed session, and acted on the following matters:	
Closed Session Minutes	The Board reviewed and approved the April 18, 2023 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from April 20, April 26, May 4 and May 10, 2023.
Recommendation of the Investment Committee regarding the Appointment of a Public Advisor to the Investment Committee	The Board approved the recommendation of the Investment Committee regarding the appointment of Mr. Sharcus Steen to the committee as Public Advisor.

Other Business Trustee Prouty requested that a closed-session discussion be scheduled for the June Board meeting to discuss the advice of counsel that was mentioned during the public comment presentations.

Adjournment There being no further business before the Board, on a motion made by Mr. Norman and seconded by Mr. Brandt, the meeting adjourned at 2:14 p.m.

Respectfully submitted,



Martin Noven
Secretary to the Board

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

***AUDIT COMMITTEE MEETING SUMMARY
APRIL 18, 2023***

The Committee Members present included:

Richard E. Norman, Chairman	Michael Howard
Thomas M. Brandt, Vice-Chairman	Kenneth B. Haines
Robert Sandlass	Jamaal R.A. Craddock

Agency Staff members attending included:

Martin Noven	Robert Diehl	Kim O’Keeffe
Kenneth Reott	Lauren Smith	Megan Myers
Melody Countess	Richa Sultana	Tom Montanye
David Rongione	Angie Jenkins	

Assistant Attorneys General present included: Rachel Cohen and Emily J Spiering

Other attendees include: Thomas Rey (UHY, LLP); and Kate Kemmerer (DBM)

Audit Plan – Mr. Rongione said the audit plan was revised to remove an Investment audit, Revised – change a Cyber Security audit to an IT Pen Test, and add a Finance Consulting Project. The consulting project will focus on reviewing business process flows and internal controls, looking for enhancements as well as analyzing volume of transactions compared to staffing resources.

Mr. Brandt inquired whether IAD performs any review of the SOC1 reports. Mr. Rongione answered by saying the Agency reviews the SOC1 report mainly for the State Street account. He added that the Agency reviews SOC2 reports for any vendor that receives PII data. The review of these reports is properly documented. Mr. Brandt suggested developing a communication with the Audit Committee (AC) about the reviews being performed on SOC1 and SOC2 reports. Mr. Rongione said IAD can certainly have further discussion with the AC members to see if they would like to see the reviews being performed. He added by saying that there is a difference between the supplemental retirement plan vs the Agency’s retirement plan. The supplemental retirement plans outsource a lot of their functionalities where the Agency performs majority of it internally.

Mr. Howard said he understands the revision of the audit plan is due to delays in payments and duplicate payments. He inquired whether there are any procedures in place on how to mitigate these. Mr. Rongione answered by saying in order to determine any action plan, IAD must run some analysis first. IAD will also review the business processes to assess the control environment and the staffing issues. Mr. Howard added by saying we must keep an eye on the staffing level as this issue has come up multiple times.

Mr. Noven added that the Finance Division is struggling to keep up with the volume of work. He mentioned that the Agency needs an analysis done prior to approaching the Department of Budget and Management (DBM) asking to create additional positions therefore this analysis needed to be prioritized.

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

**AUDIT COMMITTEE MEETING SUMMARY
APRIL 18, 2023**

Audit Plan Status	<p>Mr. Rongione said the ABBYY Scanning and ICR audit as well as the Employee Portal – Prepare Service Retirement Estimates audit have been completed since the last AC meeting. The ITGC audit is nearing completion. The CRM Cases audit, the Daily Payments audit and the Network and IT Security audits are all in progress. All audits are expected to be completed by fiscal year end. He then reviewed the next category which is the PGU audits. He said all of them have been started and a big percentage of them are in progress.</p>
Data Analytics / Continuous Audit Dashboard	<p>Mr. Rongione reviewed the Data Analytics dashboard mentioning that the number of exceptions seem to be trending downward compared to last year, especially for the DOB verification for both members and retirees. He added that currently there are 33 open issues from FY23 and 14 open issues from FY22. Mr. Rongione added that IAD is developing some new analytics and expects them to present during the next AC meeting.</p>
Open Issues Log	<p>Mr. Rongione reviewed the new and revised open issues dashboard. He mentioned that there are currently 43 issues that remain open. 27 issues have been closed since the last AC meeting.</p> <p>Mr. Rongione summarized the dashboard by saying there are currently 4 findings that are ready for internal audit to test, 29 findings that management has indicated are in progress of remediation, and there are 6 that are listed as not started. Mr. Rongione provided more information on the “not started” open issues as Trustee Howard requested more information on these during the last AC meeting. Mr. Rongione said three of the issues listed as “not started” are within the Administration division, and these are part of the MPAS+ initiative and are on the list of items to be completed. He added that these issues are on the roadmap however, they are a little further down the road. As of now the expected date of implementing the action plan is towards the end of FY23. The other three issues listed as “not started” are within the Information Systems Division, of which two would require an agency wide implementation of a better third party or vendor security monitoring, specifically a tool. Information Systems Division is looking for that tool to further evaluate these risks. The third issue would also require Information Systems Division to implement a tool for monitoring cloud activity. Information Systems Division has indicated that they will research the options for the monitoring tool, however the cost of that tool might prohibit them from implementing.</p>
Internal Quality Assurance Results	<p>Mr. Rongione mentioned Internal Auditing Standards require that a quality assurance and improvement program are implemented. There are two components of the quality assurance program:</p> <ul style="list-style-type: none">• Review of selected audits after their completion; and• Annual review of internal audit operations for compliance with general standards. <p>Based on the review, there were no recommendations for improvement, and Internal Audit operated within standards. He added that this assessment is performed internally on an annual basis. There is also an external assessment done which is performed every three years.</p>

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

***AUDIT COMMITTEE MEETING SUMMARY
APRIL 18, 2023***

Investment Risk
Assessment – FY23

Mr. Rey said the purpose of the risk assessment was to find the processes in the Investment Division with the most significant risks and select the corresponding investment areas for future audits. Mr. Rey said the highest risky area is valuation of private market and hedge funds. Mr. Rey continued by saying they created a risk matrix analyzing the survey results. Each auditable area was given an impact score and a likelihood score. The overall score was determined by multiplying the impact and likelihood score. He emphasized that the highest risk area is the valuation, and right behind that is portfolio management and due diligence. He said due diligence goes hand in hand with valuation. These are the recommended audit areas.

Mr. Rey summarized the discussion by saying there are risks throughout the Investment Division, but valuation and due diligence should be audited first as they are the riskiest.

Mr. Howard inquired about how this risk assessment compares against the assessment performed by IAD. Mr. Rongione answered by saying the investment risk assessment is usually outsourced. The approach taken by the vendor is similar to IAD's internal risk assessment.

Agency Wide Risk
Assessment

Mr. Rongione advised that IAD will begin the annual risk assessment process during the month of May 2023. This includes sending a questionnaire to AC members, Executive staff, Unit directors, as well as interviews of staff. He continued by saying IAD will utilize the results of these interviews and questionnaires to evaluate risks based on likelihood and impact. The results of the risk assessment will be factored into the FY24 audit plan which will be presented at the next AC meeting in July 2023 for approval.

Completed Audits

Mr. Rongione mentioned that the ABBYY Scanning and ICR audit was a green report, meaning there was an acceptable state of control and compliance. The audit identified one issue which is detailed in the report. Management has agreed to the issue and responded with an acceptable remediation plan. He added by saying IAD tested the open issue and the remediation is halfway complete. There is one more item that needs to be fixed in order to completely remediate the issue. Mr. Rongione continued the discussion by saying the Employee Portal – Prepare Service Retirement Estimates audit was a green report, meaning there was an acceptable state of control and compliance. No issues were identified during that audit.

Mr. Howard inquired on the status of the financial statements audit. Mr. Rongione answered by saying the preliminary procedures haven't started yet. They usually start around end of April / early May. He added that GASB 67 & 68 (the liability for the different participating unit) is being wrapped up at this moment.

Other Business

Mr. Norman mentioned the next AC meeting will be on July 18, 2023.

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

***SPECIAL ADMINISTRATIVE COMMITTEE MEETING SUMMARY
MAY 3, 2023***

The Committee Members present included:

Kenneth Haines, Chair, Presiding
Richard Norman, Vice-Chair
Thomas Brandt
Jamaal Craddock

Dereck Davis
Helene Grady
Robert Sandlass

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary
Angie Jenkins Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen

Other attendees included: Marc Nicole and Cindy Kollner (Dept. of Budget and Management)

Compensation
of the
Executive
Director

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

Ken Haines, Chair of the Administrative Committee will present, in Closed Session, the Committee's recommendation regarding the compensation of the Executive Director.

Monthly Board Tearsheet

3/31/2023



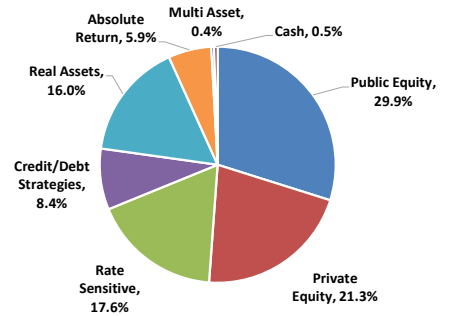
Maryland State Retirement Agency Monthly Summary - PRELIMINARY

Total Fund Summary

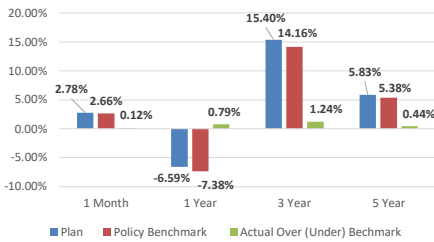
as of 3/31/2023
Market Value: \$64,365 million

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Fund Return	1.65%	2.86%	1.62%	-4.09%	10.28%	6.72%	6.81%

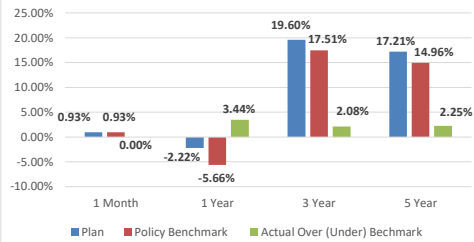
Total Fund Asset Allocation



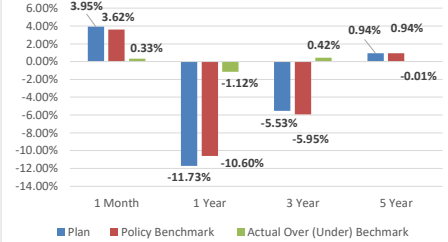
PUBLIC EQUITY PERFORMANCE



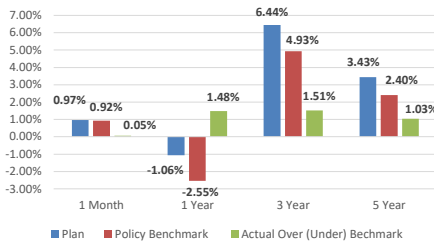
PRIVATE EQUITY PERFORMANCE



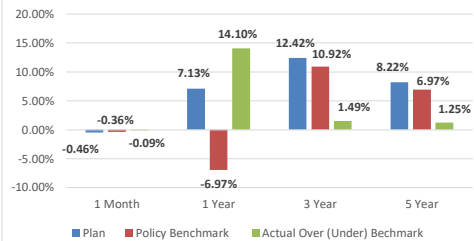
RATE SENSITIVE PERFORMANCE



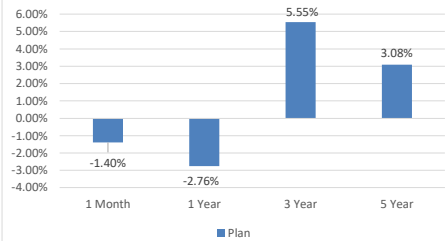
CREDIT/DEBT PERFORMANCE



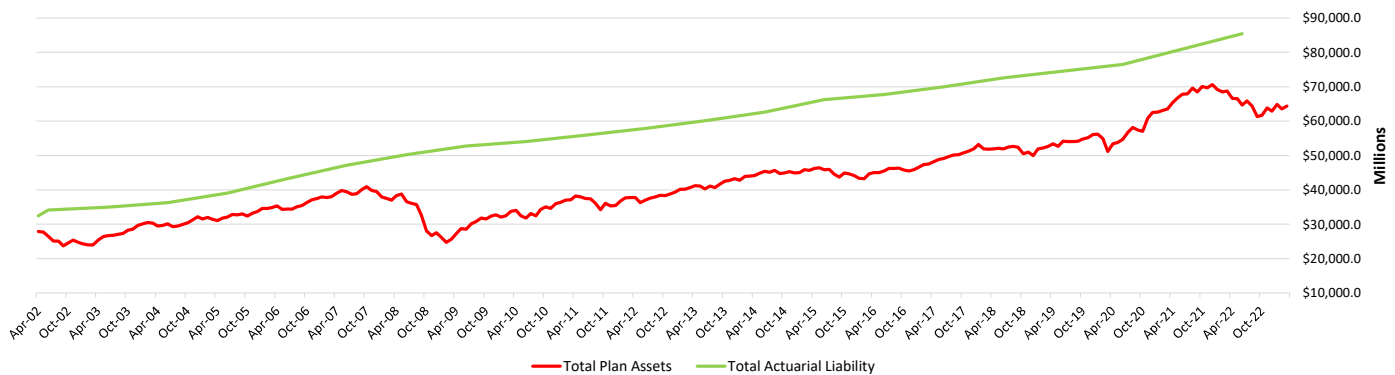
REAL ASSETS PERFORMANCE



ABSOLUTE RETURN PERFORMANCE



Total Fund Assets/Liabilities ¹



¹ Total Actuarial Liabilities are calculated annually on FYE June 30th. Total Plan Assets are calculated monthly.

Monthly Board Tearsheet

4/30/2023



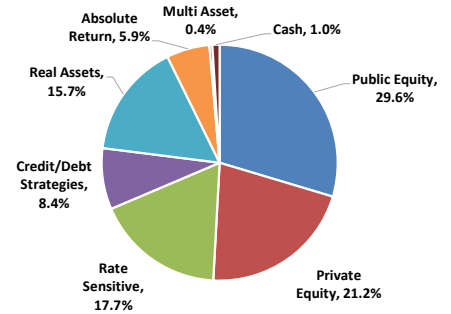
Maryland State Retirement Agency Monthly Summary - PRELIMINARY

Total Fund Summary

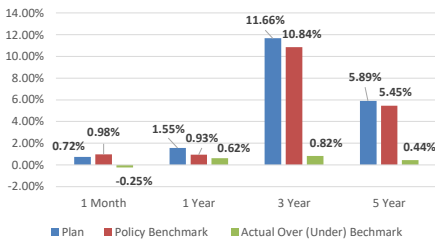
as of 4/30/2023
Market Value: \$64,473 million

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Fund Return	0.18%	-0.08%	1.80%	-0.99%	8.71%	6.72%	6.66%

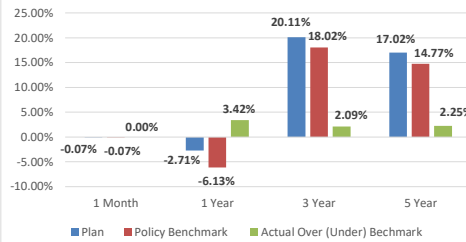
Total Fund Asset Allocation



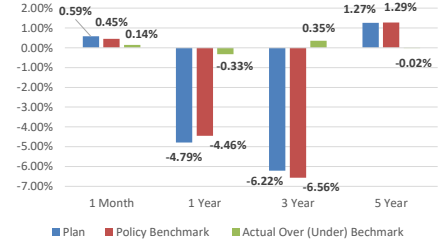
PUBLIC EQUITY PERFORMANCE



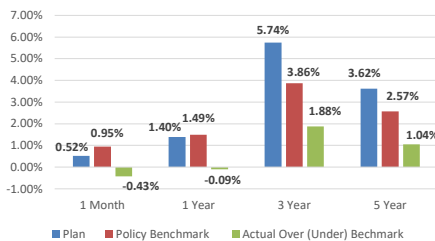
PRIVATE EQUITY PERFORMANCE



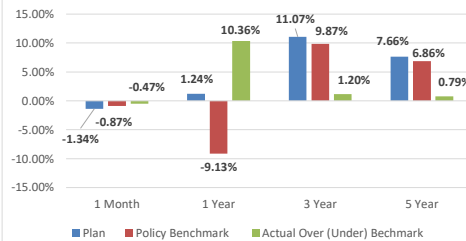
RATE SENSITIVE PERFORMANCE



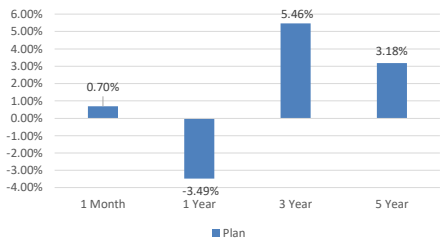
CREDIT/DEBT PERFORMANCE



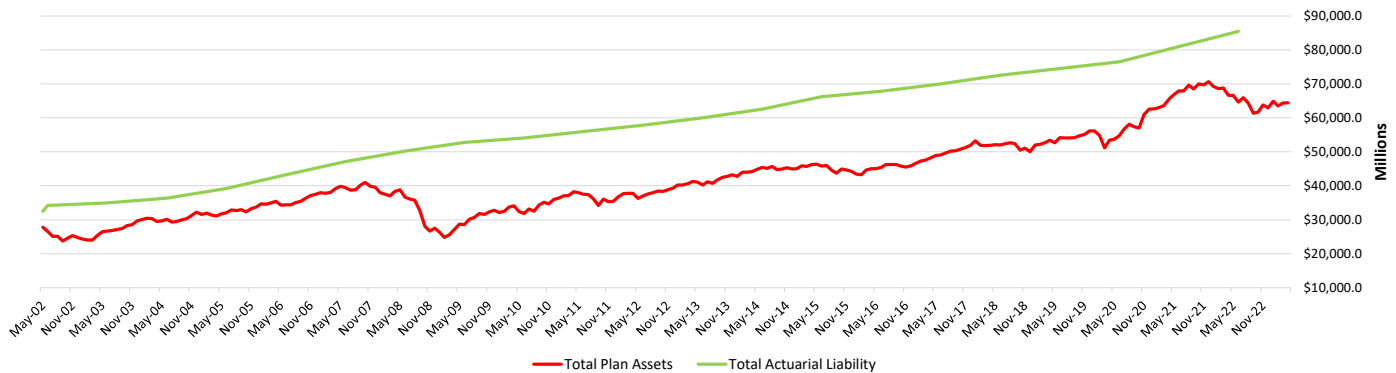
REAL ASSETS PERFORMANCE



ABSOLUTE RETURN PERFORMANCE



Total Fund Assets/Liabilities ¹



¹ Total Actuarial Liabilities are calculated annually on FYE June 30th. Total Plan Assets are calculated monthly.