

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

August 15, 2023

The Board of Trustees for the Maryland State Retirement and Pension System convened, via a WebEx video/audio conference call, beginning at 9:31 a.m.

The Trustees present included:

Dereck Davis, Chair, Presiding  
Brooke Lierman, Vice-Chair  
Linda Allen  
Jamaal Craddock  
James Daly  
Ayana English-Brown  
Helene Grady

Michael Howard  
Richard Norman  
Mia Pittman  
Douglas Prouty  
Michelle RhodesBrown  
Robert Sandlass  
Matthew Wyskiel

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Andy Palmer	Dave Rongione	Megan Myers
Angie Jenkins	Danita Johnson	Melody Countess
Anne Gawthrop	Derrick Johnson	Michael Golden
Bob Burd	Dominique Cherry	Patricia Fitzhugh
Bob Diehl	Harris Kaplan	Tom Montanye
Chandra Puranam	Janet Sirkis	Toni Voglino
	Kim O’Keeffe	

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering, and Alex Harisiadis

Other attendees included: Megan Schutz (Treasurer’s Office); Ben Siegel and Dani DiPietro (Comptroller’s Office); Dan Cohn, David Goodrich, John Pepys, Kathleen Clair, Kevin Balaod, Michael Rubenstein, Rick Sullivan and Jeffrey Weisner.

Call Meeting to Order      Having established that there was a quorum present Treasurer Davis called the meeting to order.

Consent Agenda      Ayana English-Brown asked for clarification regarding the CIO report from the July 18, 2023 meeting minutes, where it stated “Mr. Palmer reported that the final May performance shows that the fund was down a bit that month...” Ms. English-Brown asked if there was a specific number or percentage that should have been reported in the minutes.

Mr. Palmer responded that the May tearsheet, which was previously provided to the Board, showed that the fund was down 0.41% for the month of May. Mr. Palmer requested that the minutes reflect that information.

On a motion made by Comptroller Lierman and seconded by Mr. Prouty, the Board approved the consent agenda, with amendments to the July 18, 2023 open meeting Board minutes.

Open Meetings Act Training Designation      Mr. Noven reported that since committee assignments were postponed, this topic would also be postponed until committee assignments are approved, as each committee and board meeting must have someone who has completed the open meetings act training and received a certificate in attendance.

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

August 15, 2023

CIO Report      Mr. Palmer provided the Board with two fund tear sheets and reported that the final June performance shows that the fund ended at \$65.2m, up 1.74% for the month and 3.14% fiscal year to date. The benchmark was up 2.20% fiscal year to date. The July tear sheet shows the fund value at \$65.7m, up 1.26% for the month and 1.26% fiscal year to date.

At the request of Comptroller Lierman, Mr. Palmer also provided an overview of the policy benchmark.

-----

Ms. Cherry addressed the Board to report that the Maryland State Retirement and Pension System has recently partnered with the DIME Program, branding this initiative as the DIME-MSRPS Collaborative, which is a free seven-week investment program in which diverse and other Maryland students have an opportunity to learn about the underpinnings of the capital market while also being able to compete and be eligible for different tiers of scholarships and also competing in a stock market exchange game. Ms. Cherry reported that over the course of two years, students will learn from industry professionals in areas such as stocks, bonds investing, acid allocation, digital currencies, real estate, and private equity.

-----

Ms. Cherry provided the Board with an update on House Bill 740 – Investment Climate Risk Fiduciary Duties in which the bill required, effective July 2022, that a “Fiduciary shall consider the potential systemic risks of the impact of climate change on the assets of the several systems, including monitoring net-zero aligned investments and climate solutions to ensure a path to a long-term sustainable portfolio.” The update, provided to the Board, outlined the elements of HB740 and staff’s compliance relating to each element.

Executive      Mr. Noven acknowledged and welcomed the three new Trustees to the Board, Ayana  
Director’s Report      English-Brown, Mia Pittman and Michelle RhodesBrown.

On a motion made by Comptroller Lierman and seconded by Mr. Prouty, the Board voted to meet in a Closed Session, beginning at 10:30 a.m., via a WebEx video/audio conference call, 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) considering a recommendation for the appointment of a physician to the Medical Board, pursuant to General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotions, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction; and

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

August 15, 2023

- d) discussing events related to portfolio companies within a private real estate fund investment, and receiving advice of counsel regarding same, pursuant to General Provisions Art., § 3-305(b)(7), to consult with counsel to obtain legal advice, 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., § 4-335, preventing the disclosure of trade secrets and confidential commercial or financial information, General Provisions Art., § 4-344, requiring denial of inspection of confidential interagency memoranda; and State Personnel and Pensions Art., § 21-123(g)(1) and Code of Maryland Regulations 22.01.02.03E, protecting from disclosure certain investment records.

**CLOSED SESSION**

The Trustees present included:

Dereck Davis, Chair, Presiding  
Brooke Lierman, Vice-Chair  
Linda Allen  
Jamaal Craddock  
James Daly  
Ayana English-Brown  
Helene Grady

Michael Howard  
Richard Norman  
Douglas Prouty  
Michelle RhodesBrown  
Robert Sandlass  
Matthew Wyskiel

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Andy Palmer	Bob Burd	Janet Sirkis
Angie Jenkins	Dave Rongione	Kim O'Keeffe
Anne Gawthrop	Danita Johnson	Megan Myers
	Dominique Cherry	

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering, and Alex Harisiadis

Other attendees included: Ben Siegel and Dani DiPietro (Comptroller's Office)

On a motion made by Mr. Norman and second by Comptroller Lierman, the Board returned to open session beginning at 11:02 a.m., via a WebEx video/audio conference call.

**OPEN SESSION**

The Trustees present included:

Dereck Davis, Chair, Presiding  
Brooke Lierman, Vice-Chair  
Linda Allen  
Jamaal Craddock  
James Daly  
Ayana English-Brown  
Helene Grady

Michael Howard  
Richard Norman  
Douglas Prouty  
Michelle RhodesBrown  
Robert Sandlass  
Matthew Wyskiel

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

August 15, 2023

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Andy Palmer	Dave Rongione	Megan Myers
Angie Jenkins	Danita Johnson	Melody Countess
Anne Gawthrop	Derrick Johnson	Michael Golden
Bob Burd	Dominique Cherry	Patricia Fitzhugh
Bob Diehl	Janet Sirkis	Tom Montanye
Chandra Puranam	Kim O’Keeffe	

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering, and Alex Harisiadis

Other attendees included: Megan Schutz (Treasurer’s Office); Ben Siegel and Dani DiPietro (Comptroller’s Office); Dan Cohn, David Goodrich, and Kevin Balaod

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 July 18, 2023 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from July 19, July 27, August 2 and August 10, 2023.
Recommendation for the Appointment of a Physician to the Medical Board	The Board reviewed and approved staff’s recommendation to appoint a physician to the Medical Board.

Adjournment            There being no further business before the Board, on a motion made by Comptroller Lierman and seconded by Ms. English-Brown, the meeting adjourned at 11:03 a.m.

Respectfully submitted,



Martin Noven  
Secretary to the Board

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

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

The Committee Members present included:

Richard E. Norman, Chairman

Thomas M. Brandt, Vice-Chairman

Jamaal R.A. Craddock

Michael Howard

Agency Staff members attending included:

Martin Noven

Kimberly O'Keefe

Megan Myers

David Rongione

Melody Countess

Robert Diehl

Tom Montanye

Angie Jenkins

Derrick Johnson

Lauren Smith

Richa Sultana

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

Other attendees included: Thomas Rey (UHY LLP)

Status of FY 2023  
Audit Plan

Mr. Rongione provided the status of FY 2023 audit plan noting that all internal audits are complete except for the two IT audits that were moved to FY 2024 due to staffing turnover. He added that the outsourced audits are lagging slightly due to the delayed start date of the contract with the new vendor. He continued by saying all these open audits are in the reporting phase, and he expects them to be completed within a month.

Data Analytics /  
Continuous Audit  
Dashboard

Mr. Rongione reviewed the continuous audit dashboard noting that the overall trend has been positive for FY 2023 and the overall controls are improving within the Agency.

FY 2023 Internal  
Audit  
Performance  
Report

Mr. Rongione presented the FY 2023 Internal Audit Division (IAD) Performance Report. He mentioned IAD has met all its performance goals except for the percentage of annual audit plan completion. The three audits that remained open are outsourced audits and should be complete within a month. He added that all these audits are in the reporting phase.

Mr. Norman complemented the Average Reporting Time being well below the goal of 30 days. Mr. Rongione explained that this measure is calculated by taking the difference between the date of the exit meeting and the issuance of the draft report.

FY 2023 Time  
Report

Mr. Rongione reviewed the FY 2023 time report noting that it is an informational type report to show how IAD hours were spent and to ensure admin time is under 20%. This report details the IAD hours and compares them to prior fiscal years.

Mr. Brandt asked about whether recruiting has been a challenge for IAD as it is getting more and more difficult for everyone. He mentioned that the value of DB and DC plans should be communicated to the younger candidates. Mr. Rongione answered by saying his division is currently fully staffed. He had some staffing issue in prior fiscal year in fulfilling the IS Auditor position as it is a tough position to recruit mainly due to salary constraints. Mr. Rongione, Mr. Norman and Mr. Noven all agreed that the Agency needs to work well with the DBM to better market the position where the focus is not just salary, but the benefits as well.

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

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

Status of Open Issues Log	<p>Mr. Rongione reviewed the open issues dashboard which gives an overview of the number of open and closed issues per division. He continued by saying there are currently 51 issues that remain open. During the fiscal year, 12 new findings were added, and 31 findings were closed. He noted that 32 of 51 open issues are related to Information Systems, and majority of them are from the Cyber Security audit completed in FY 2022. Management has indicated that there are currently 6 issues that have been remediated, and IAD will begin testing to ensure the items have been corrected.</p> <p>Mr. Brandt inquired about the recent breach that happened with other pension plans and whether MD was lucky to not to be a victim of the breach. Mr. Rongione said he believes Mr. Brandt's query is regarding the PBI Research and Berwyn Group. He continued by saying the Agency did not have a contract with the vendor at the time of breach. Mr. Rongione requested Mr. Diehl to talk more about the Movelt application. Mr. Diehl said the Agency has been very responsive to all patch notifications that came out from the vendor, Movelt. In addition, the Agency had made a conscious decision to take the application offline. Mr. Noven added that the Agency was more diligent compared to the peers in terms of taking the application down other than just relying on the patches.</p>
Annual Risk Assessment	<p>Mr. Rongione presented the memo that details the annual risk assessment process. The purpose of this memo is to give the AC members an overview of the risk assessment process. He continued by saying the key takeaways from the memo are:</p> <ul style="list-style-type: none"><li>• The approach to the risk assessment follows internal auditing standards;</li><li>• Internal audit performs a risk assessment to develop a risk-based audit plan to audit the higher risk areas; and</li><li>• The risk assessment process includes the following summarized steps:<ul style="list-style-type: none"><li>○ Firstly, obtaining an understanding of the Agency</li><li>○ Next, identify, assess, and prioritize risks</li><li>○ Then, estimate resources</li><li>○ As the last step, propose annual audit plan</li></ul></li></ul> <p>Mr. Howard inquired whether the Agency has a document that lays out the approach and steps to implement a remediation process in case of an IT breach. Mr. Rongione answered by saying there is an incident response plan in place and deferred the discussion over to Mr. Noven to provide additional detail. Mr. Noven agreed by saying the Agency has a plan however, it is in need of updating. Mr. Howard requested to keep the AC posted on the status.</p>
FY 2024 Audit Plan	<p>Mr. Rongione reviewed the proposed FY 2024 audit plan. He said this plan is based on the results of the annual risk assessment and available audit hours. Mr. Rongione ran through the topics noted below:</p> <ul style="list-style-type: none"><li>• There are four audits listed under Retirement Administration Audits, as well as the continuous audits which are performed on a monthly basis;</li><li>• There are three audits within the Finance Division;</li><li>• There are four IT Audits;</li><li>• Two Investment audits which are outsourced;</li></ul>

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

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

- The participating employer audits of 80 locations; and
- The ad hoc hours for smaller projects that come up throughout the year

**Completed Audits**

Mr. Rongione reviewed the status of the completed audits:

- a. CRM Cases Audit – The CRM Cases audit was a yellow report, meaning improvement is needed. The audit identified 4 issues which are detailed in the report. Management has agreed with the issues and responded with an acceptable remediation plan.
- b. Daily Payments – The Daily Payments audit report was a green report, meaning a satisfactory or acceptable level of control or compliance. The audit identified 3 issues which are detailed in the report. Management has agreed with the issues and responded with an acceptable remediation plan.
- c. Employer Portal – The Employer Portal audit report was a green report, meaning a satisfactory or acceptable level of control or compliance. The audit identified one issue which is detailed in the report. Management has agreed with the issue and responded with an acceptable remediation plan.
- d. IT General controls – The IT General Controls Audit was a Yellow report, meaning improvement is needed. The audit identified 4 issues which are detailed in the report. Management has agreed with the issues and responded with an acceptable remediation plan.

**Other Business**

Mr. Norman mentioned the next AC meeting will be on November 14, 2023.

Monthly Board Tearsheet

6/30/2023



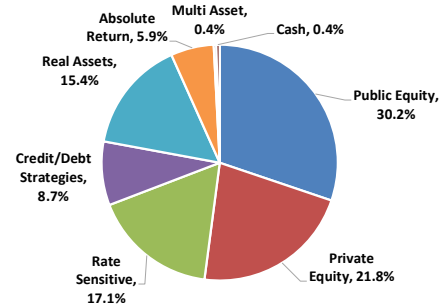
## Maryland State Retirement Agency Monthly Summary - FINAL

### Total Fund Summary

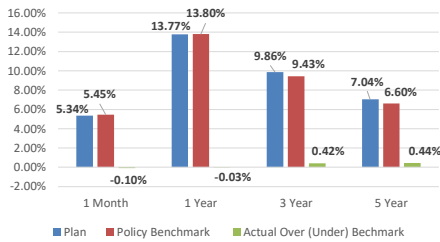
as of 6/30/2023  
Market Value: \$65,207 million

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
<b>Fund Return</b>	1.74%	1.50%	3.14%	3.14%	8.23%	6.93%	7.04%
<b>Policy Benchmark</b>	1.74%	1.41%	2.20%	2.20%	7.07%	6.28%	6.50%

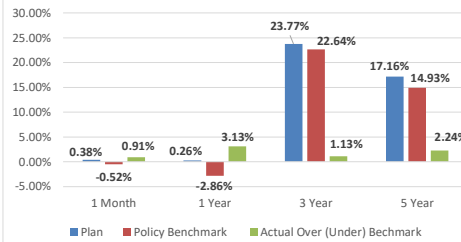
### Total Fund Asset Allocation



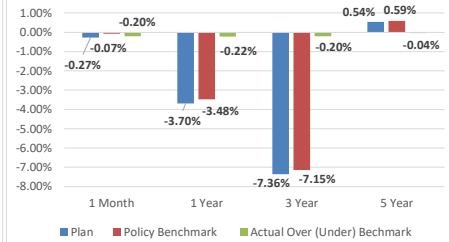
#### PUBLIC EQUITY PERFORMANCE



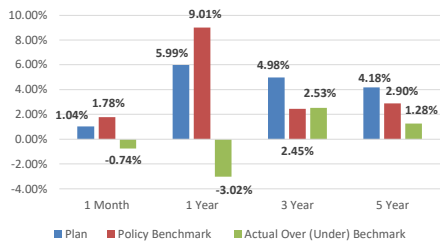
#### PRIVATE EQUITY PERFORMANCE



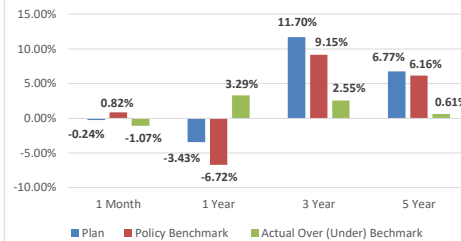
#### RATE SENSITIVE PERFORMANCE



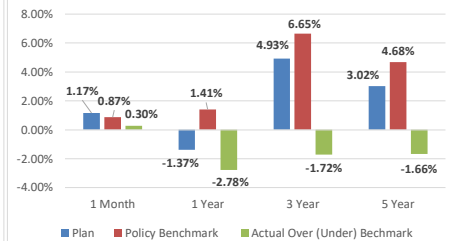
#### CREDIT/DEBT PERFORMANCE



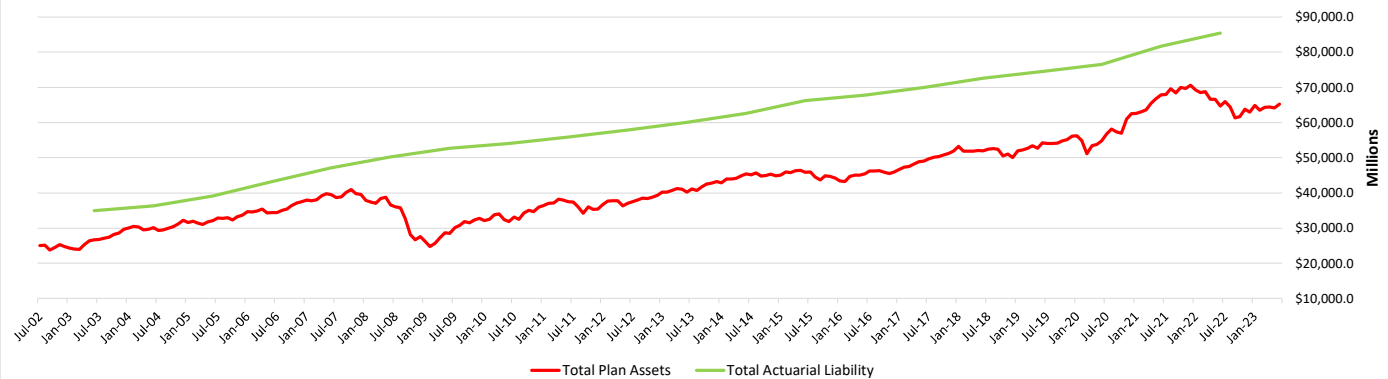
#### REAL ASSETS PERFORMANCE



#### ABSOLUTE RETURN PERFORMANCE



### Total Fund Assets/Liabilities <sup>1</sup>



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



Monthly Board Tearsheet

7/31/2023



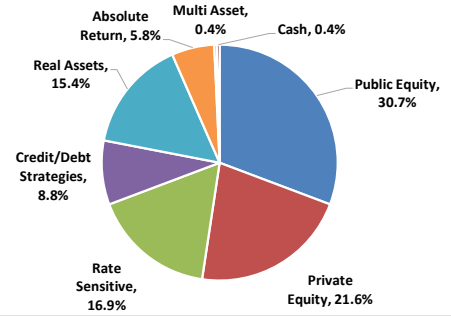
## Maryland State Retirement Agency Monthly Summary - PRELIMINARY

### Total Fund Summary

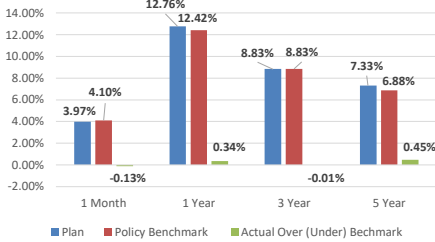
as of 7/31/2023  
Market Value: \$65,776 million

	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Fund Return	1.26%	2.60%	1.26%	2.02%	7.30%	6.96%	6.93%

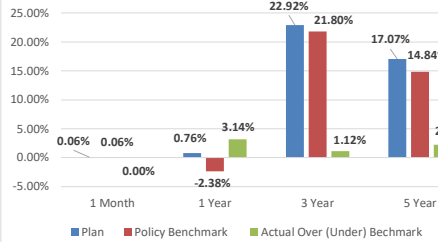
### Total Fund Asset Allocation



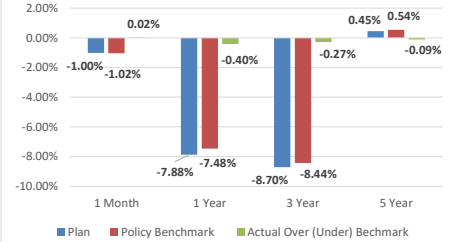
#### PUBLIC EQUITY PERFORMANCE



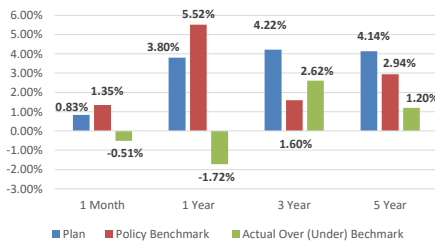
#### PRIVATE EQUITY PERFORMANCE



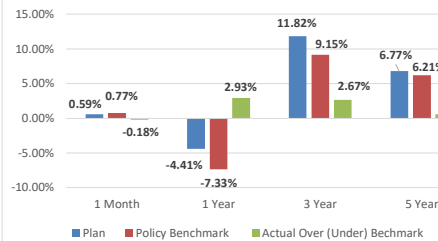
#### RATE SENSITIVE PERFORMANCE



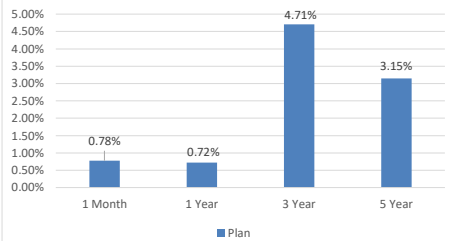
#### CREDIT/DEBT PERFORMANCE



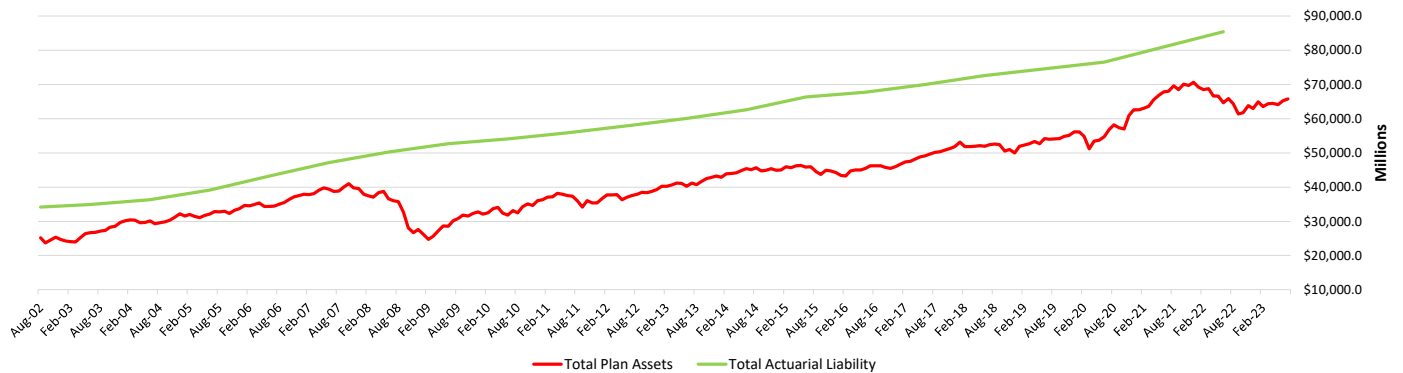
#### REAL ASSETS PERFORMANCE



#### ABSOLUTE RETURN PERFORMANCE



### Total Fund Assets/Liabilities <sup>1</sup>



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