

BOARD OF TRUSTEES
FOR THE
STATE RETIREMENT AND PENSION SYSTEM
OF MARYLAND

MINUTES OF MEETING

November 21, 2006

The Board of Trustees for the State Retirement and Pension System of Maryland met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland, beginning at 9:13 a.m. There were present: Nancy K. Kopp, Vice-Chairman; William D. Brown; John W. Douglass; David B. Hamilton; Sheila Hill; F. Patrick Hughes; Cecilia Januszkiewicz; Morris L. Krome; Carl D. Lancaster; Melissa A. Moye; and, Patrick O'Shea, Trustees; and, R. Dean Kenderdine, Interim Secretary.

Agency Staff members attending were: Deborah Bacharach; Anne Budowski; Laura Burns; Margaret Bury; Robert Byrd; Cathy Clevinger; Rachel Cohen; Robert Feinstein; Vanessa Garrett-Ingram; John Greenberg; Carla Katzenberg; Jill Leiner; Vincent Marsiglia; Howard Pleines; Harvey Raitzyk; and, Barbara Swain.

Also attending were Bill Anderson and Robert Palumbi. Appeal cases present were Michael Davey, representing Larry Spencer; Karen Williams and Clifford Hardwick; and John Wisniewski (also represented by Michael Davey).

Minutes

1. On motion made by Ms. Hill, and seconded by Mr. Lancaster, the Board approved the minutes of the regular meeting held on October 17, 2006 regular meeting.

Investment
Committee
Recommendations and
Information Items

2. Mr. Carl Lancaster, Chairman of the Investment Committee, reported on the meeting held November 9, 2006.

On motion made by Mr. Lancaster, and seconded by Mr. Hughes, the Board supported the introduction of legislation deleting Section 21-123(f)(2) of the State Personnel and Pensions Article, and adding language to clarify that the fiduciaries of the Retirement System are fully authorized to consummate sales and purchases of real estate for the System's investment programs, subject to specific procedures enumerated and made part of the System's Investment Policy Manual and the System's contract with LaSalle Investment Management. The effect of this legislation would be to eliminate the current policy whereby all direct purchases or sales of real estate are subject to the approval of State Board of Public Works.

On motion of Mr. Lancaster, and seconded by Mr. O'Shea, the Board agreed to introduce legislation (a) exempting the System's alternative investments and private market real estate from any fee cap and (b) including public market real estate (System's REIT securities mandates) in the 30 basis point fee cap applicable to the System's other externally managed investments. Secretary Januszkiewicz is recorded as opposed to the motion.

Mr. Lancaster noted that the Investment Committee took no action in regard to a third legislative proposal that would delete a provision of pension law that restricts the amount of non-dividend paying stock that may be owed by the System.

On motion made by Mr. Lancaster, and seconded by Mr. O'Shea, the Board agreed to place the following limits on the System's TAA program:

1. General Limit – Maximum aggregated total overweight with a corresponding underweight shall be 2 percent of total System assets, when moving from one asset class to another.
2. Limits when U. S. passive equity cap range or the U. S. passive style component is used – Maximum aggregated total overweight with a corresponding underweight shall be 3 percent of total System assets.

On motion made by Mr. Lancaster, and seconded by Mr. Brown, the Board approved the Investment Committee meeting dates for 2007.

Interim Executive
Director's Report

3. Dean Kenderdine invited the Trustees to attend the Retirement Agency's holiday celebration on December 20 at noon.

Mr. Kenderdine advised the Trustees that he had vacated a default order from the Office of Administrative Hearing for Pamela Klomin. The Retirement Agency has asked for Ms. Klomin's hearing to be rescheduled.

Mr. Kenderdine noted that the first meeting of the Joint Committee on Pensions was held on November 16th. Mr. Rocky Joyner from Segal made a presentation on the Actuary's 2006 valuation, including the concerns with corridor funding. Also, there was discussion of Maryland's investment results from the last several years as compared to neighboring states. That information is to be made available at the next JCP meeting on November 30. Finally, Mr. Kenderdine indicated that he and State CIO Ellis Kitchen provided an update on the MPAS Project there was a tone of continued support for the Agency from the Committee.

Medical Board
Reports

4. On motion made by Mr. Hughes, and seconded by Ms. Hill, the Board accepted the reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants.

Supplemental
Medical Reports

5. On motion made by Mr. Hughes, and seconded by Ms. Hill, the Board accepted supplemental reports of the Medical Board in connection with applications of members for ordinary, accidental and special disability retirement allowances. The Medical Board's conclusions were reached after its review of the evidence provided by the claimants. **EXHIBIT A**

EXECUTIVE SESSION

The Board met in Executive Session at 10:29 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider issues related to the Optional Retirement Program vendors and a personnel issue. There were present: Nancy K. Kopp, Vice-Chairman; William D. Brown; John W. Douglass; David B. Hamilton; Sheila Hill; F. Patrick Hughes; Morris L. Krome; Carl D. Lancaster; Melissa A. Moyer; and Patrick O'Shea, Trustees; and, R. Dean Kenderdine, Secretary. Agency Staff members attending were: Deborah Bacharach; Anne Budowski; Laura Burns; Margaret Bury; Robert Byrd; Rachel Cohen; Robert Feinstein; John Greenberg; Carla Katzenberg; Jill Leiner; Vincent Marsiglia; Howard Pleines; Harvey Raitzyk; and Barbara Swain. For discussions related to the personnel matter, only the Trustees were present.

The Board ended its closed session at 11:40 a.m. and returned to regular session to complete the agenda.

REGULAR SESSION

Appeals and Hearings

Larry Spencer 6. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Larry Spencer for accidental disability retirement. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Spencer's attorney, Michael Davey, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Laura Burns, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Executive Session.

John Wisniewski 7. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of John Wisniewski for special disability retirement. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Wisniewski and his attorney, Michael Davey, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Carla Katzenberg, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Executive Session.

Karen Williams 8. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Karen Williams for accidental disability retirement. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Williams and her attorney, Clifford Hardwick, appeared before the Board to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Laura Burns, attorney for the Agency,

addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Executive Session.

EXECUTIVE SESSION

The Board met in Executive Session at 12:27 p.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street to consider disability appeals. There were present: Nancy K. Kopp, Vice-Chairman; John W. Douglass; Sheila Hill; F. Patrick Hughes; Morris L. Krome; Carl D. Lancaster; Melissa A. Moye; and Patrick O'Shea, Trustees; and, R. Dean Kenderdein, Secretary. Agency Staff members attending were: Deborah Bacharach; Anne Budowski; Margaret Bury; Rachel Cohen; and, Howard Pleines.

The Board ended its closed session at 12:42 p.m. and returned to regular session to complete the agenda.

REGULAR SESSION

On motion made and duly seconded, the Board voted to ratify actions taken in Executive Session.

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| Minutes | On motion made and duly seconded, the Board approved the minutes of the October 17, 2006 closed session meeting. |
| Larry Spencer | The Board considered the appeal of Larry Spencer. Following a discussion, on a motion by Mr. Hughes and seconded by Ms. Hill, the Board voted to <u>reject</u> the findings of the Administrative Law Judge and granted the claimant's request for accidental disability retirement benefits. |
| John Wisniewski | The Board considered the appeal of John Wisniewski. Following a discussion, on a motion made by Mr. Hughes, and seconded by Ms. Hill, the Board voted to <u>reject</u> the Administrative Law Judge's findings of fact and granted the claimant's request for special disability benefits. |
| Karen Williams | The Board considered the appeal of Karen Williams. Following a discussion, on a motion made by Mr. Hughes, and seconded by Major Krome, the Board voted to <u>adopt</u> the Administrative Law Judge's Findings of Fact and <u>deny</u> the claimant's request for accidental disability. |

There being no further business before the Board, the meeting adjourned at 12:45 p.m.

Respectfully submitted,



R. Dean Kenderdine
Interim Secretary to the Board

RDK/mcb