



Exhibit A

Maryland
Teachers & State Employees
Supplemental Retirement Plans

**BOARD OF TRUSTEES FOR THE
MARYLAND TEACHERS & STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS
MINUTES OF THE February 1, 2010 MEETING**

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The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans convened at 9:44 am on February 1, 2010 in Baltimore. A quorum was present.

Members Present

Ms. T. Eloise Foster
Ms. Sabrina Bass
Mr. Robert Black
Treasurer Nancy Kopp
Ms. Linda Tanton
Mr. William Whitescarver
Ms. Marcia Zercoe (via phone)

Members Absent

Representatives and Guests

Mr. Michael Halpin, Staff
Mr. John Barry, Esquire, Board Counsel
Mr. Richard Arthur, Staff
Ms. Debra Roberts, Staff
Mr. Louis Holcomb, Staff
Ms. Anna Marie Smith, Staff
Ms. Brenda Anderson, NRS
Ms. Claudia Gulick, NRS
Ms. Cristy Wilson, NRS
Ms. Mary Pat Alcus, Mercer Investment Consulting
Mr. Brett Gorman, DB Advisors
Dr. Melissa Moye, Treasurer's Office
Mr. Philip Harris, Financial Integrity Resources Mgt.
Ms. Theda Jackson, Financial Integrity Resources Mgt.
Ms. Jeanette Hernandez Harris, Financial Integrity Resources Mgt.

I. Chairperson's Remarks

The minutes of the Board meeting held on November 23, 2009 were unanimously approved (Exhibit A).

II. Administrator's Report & Marketing Plan Update

Mr. Belnick presented the report marked as Exhibit A (2009 MSRP Scorecard, 2010 Marketing & Communications Plan). He reviewed the statistics contained in the scorecard and gave some detail on the various events – breakfast meetings, retirement review days, and outplacement meetings. He noted the following developments:

- First Spanish language enrollment meeting at University of Maryland (35 people, good reception).
- The Women in Retirement presentation has been updated.
- NRS and MSRP had representatives available for employees at all 2009 benefit fairs.
- NRS has added 5 new MBE vendors.
- MRSP enrollment materials are now available on University of Maryland, College Park web site.

For 2010 Mr. Belnick offered goals that would:

- Increase participation among correctional officers and University of Maryland employees.
- Improve written participant communication materials.
- Improve relations with union members and representatives.
- Hold, in connection with National Save for Retirement Week, a Retirement Expo. This would be a day-long event consisting of presentations and booths by MSRP, Social Security, MSRA, and so forth.

At the conclusion of Mr. Belnick's presentation, Ms. Theda Jackson of the Financial Integrity Resources Management, LLC (FIRM) spoke on their recent efforts to review and enhance NRS communication materials. She also noted recent meetings with Mr. Holcomb and his staff to coordinate field activities.

III. Investment Advisor's Report:

A. Ms. Mary Pat Alcus of Mercer Investment Consulting began her presentation by distributing a supplemental one page exhibit (Exhibit C-2) on 2009 investment performance. She then briefly described the red lined investment policy (Exhibit C). She noted that the changes were minor and stylistic and had been reviewed by the Investment Committee that morning.

Mr. Whitescarver then moved that the Investment Policy be adopted as amended. Treasurer Kopp seconded the Motion, which was approved unanimously.

Ms. Alcus then noted that a change to the mid cap index fund (Exhibit C-1) was under review by the Committee, and a recommendation was expected for the late February meeting.

- B. Mr. Gorman of DB Advisors noted that the ICP Investment Policy had received a similar review and was the subject of Committee discussion earlier that morning. The Committee had requested that certain matters be clarified, and Mr. Gorman expected a slightly revised policy to be ready by the late February meeting.

IV. Staff Reports

A. Finance Office

Ms. Roberts delivered the budget report (Exhibit E) and the fee adjustment report (Exhibit E-1). She described the budget numbers (both revenue and expense) as entirely in line with expectations. This included the projected reduction of the reserve to \$132,087 by the end of fiscal 2010, with movement soon after to a deficit position unless fees were raised sometime mid-year. She then described the various alternatives projected in Exhibit E-1: Increase to 6 basis points; a single \$6 charge per account, and a shift to new permanent fee of 50¢ per account per month. Mr. Halpin explained that if this fee built up an excessive reserve, the matter could be accounted for by temporary or permanent reductions in the percentage or basis point charge.

A general discussion ensued, including a detailed recap of fee history by Mr. Halpin. A broad variety of views were presented, including the need for fairness (and perception of fairness) for all participants, whether the account was small or large. Board members made it clear that a de minimus exception was necessary, so that inactive accounts would not be charged out of existence at the rate of 50¢ per month. Mr. Halpin said that this concept had been cleared with NRS (e.g., it was functionally possible) but that he would need to procure additional data before making a precise de minimus recommendation. He also noted several similar fees by state plans, e.g., California - \$18 plus 0.10%; New York State - \$20 plus 0.08%; and Pennsylvania - \$12.50 plus 0.08%.

A consensus emerged on the 50¢ fee after a forecast from Mr. Belnick that, while the fee would have some impact, it was likely to be small. Mr. Whitescarver then moved that Option D be adopted, beginning May 2010, seconded by Mr. Black. The Motion was unanimously approved.

- B. Field Staff. Mr. Holcomb delivered the report attached as Exhibit F. He gave a recap of field activity for 2009 and provided a preview of activity planned for 2010.

V. Committee Reports

A. Audit Committee

No report at this time.

B. Investment Committee:

No report at this time.

VI. Board Secretary's Report

Mr. Halpin noted that he had submitted a reply to correspondence from the Legislative

Auditor, Mr. Bruce Myers concerning two items from the recent legislative audit: participant communication materials and certain reports exchanged between DB Advisors and the sub managers. He noted that he had heard nothing since the response and would continue to work with Ms. Joan Peacock of the Department of Budget and Management on these and related issues.

Ms. Tanton noted that the November Board minutes (Section VI) reflected some uncertainty on the routine to be followed for the compliance matrix arising from the legislative audit. A consensus emerged that this should be updated monthly by Mr. Halpin.

Brief commentary on Legislative matters (including legislative budget review) formed the balance of Mr. Halpin's report.

VII. Board Counsel's Report

Mr. Barry delivered a report on the Invesco matter (Exhibit G). He began the discussion by noting that the Board was required to decide on the form of distribution to participants and emphasized the significant difference in amount between per capita distribution to all current participants, compared to pro rata distribution limited to actual investors in the Invesco fund, based on their relative share of that investment. He noted that direct expenses of any distribution involved should be deducted from the gross proceeds, based on reasonable estimates. He noted that NRS had been working on costs associated with the limited distribution method, and that preliminary figures were presented in Exhibit G-1. He concluded by reiterating that, as expressed in his memo of January 25, 2010 the limited method (pro rata to Invesco investors only) had been previously used for several distributions by New York State 457 Plan; and the New York practice could be used as a model for the Maryland Plan. Ms. Gulick of NRS affirmed that the plan was feasible.

A general discussion ensued. A consensus quickly emerged that the Invesco investor model was preferred by all members. Mr. Barry then noted that the detailed plan would be presented to the Board at a future meeting, and receive a vote at that time. The Chairman inquired whether Mr. Barry had concerns on the accuracy of the distribution, and the reasons for the concern. Mr. Barry noted that the initial concern was prompted by the sheer size of the distribution, but he had received indications in recent days that confirmed its accuracy, and that he was seeking (and expected to receive) additional confirmation.

VIII. Executive Session

None.

IX. New Business

No new business considered.

X. Adjournment

A motion to adjourn was entered at 11:31 am, seconded, and carried unanimously.