



Maryland
Teachers & State Employees
Supplemental Retirement Plans

Exhibit A

**BOARD OF TRUSTEES FOR THE
MARYLAND TEACHERS & STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS
MINUTES OF THE February 27, 2012 MEETING**

The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans convened at 9:38 am on February 27, 2012 in Baltimore. A quorum was present.

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Members Present

Ms. T. Eloise Foster
Ms. Sabrina Bass
Mr. Thomas Hickey
Treasurer Nancy Kopp
Mr. Wilson Parran
Ms. Linda Tanton
Ms. Christina Wyskiel
Ms. Marcia Zercoe

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
Mr. David Belnick, Nationwide Retirement Solutions
Ms. Brenda Anderson, Nationwide Retirement Solutions
Mr. David Berg, DB Advisors
Mr. John Axtell, DB Advisors
Mr. John DeMairo, Segal Advisors
Ms. Emily Boccuzzi, Segal Advisors
Ms. Cathie Eitelberg, Segal Company
Mr. Philip Harris, Financial Integrity Resources Mgt.
Ms. Jeanette Hernandez-Harris Financial Integrity Resources Mgt.
Ms. Avella Collins, Financial Integrity Resources Mgt.
Mr. Jason Costner, Financial Integrity Resources Mgt.
Mr. Paul Pfeiffer, Financial Integrity Resources Mgt.

I. Chairperson's Remarks

The minutes of the regular meeting of the Board of Trustees held January 23, 2012 were unanimously approved (Exhibit A).

II. Administrator's Report & Marketing Plan Update

Mr. Belnick delivered the Administrator's report for the fourth quarter (Exhibit B). He began his remarks with presentation of a plaque from Nationwide to Mr. Barry, expressing appreciation for his many years of service to the Maryland plans.

Mr. Belnick noted the following points from the report:

- Assets growth had resumed after declines in the third quarter.
- There had been a slight decrease in the number of participants.
- Page 10 of the report contained a comparison of contributions and distributions, the latter slightly exceeding the former for the first time.
- Brief commentary on marketing updates (page 41).
- A new plan website will be introduced in April.
- Loans continue to increase and hardships continue to decline.

Mr. Belnick then described highlights from the 2012 Marketing Plan (Exhibit B-1). Key items in the plan included:

- New plans for "mini" savings expos in different parts of the state.
- Encouraging contractual employees to enroll in the plans.
- Development of "webinars" on various aspects of plan participation.

He concluded the report with brief commentary (Exhibit B-2) on the success of 2011 marketing efforts. Several members commented that webinars should be scheduled so as not to be an undue interference with work activity; Mr. Belnick noted that this program was underway in Ohio and he would report back to the Board on that issue.

Mr. Harris and Ms. Collins delivered the F.I.R.M. activity report (Exhibit B-3). The report noted recent F.I.R.M. activity and gave statistics on contacts between F.I.R.M. retirement counselors and plan participants.

III. Investment Advisors' Reports:

A. DB Advisors

Mr. John Axtell delivered the fourth quarter report of DB Advisors on the Investment Contract Pool (Exhibit C). He emphasized the following points:

- Both yield and book value showed very slight changes for the fourth quarter (yield up 17 basis points, book value down 2 basis points). Sub-manager performance was mixed compared to benchmarks (report page 3).
- The restructuring as outlined in prior reports was proceeding on schedule, with phase 1 to be completed in mid-March (report page 4).
- Work continued on phase 2 of the restructuring.

- Efforts to encourage use of MBE managers continued (page 6).
- Standards used by wrapper providers in selecting bond managers were noted (page 7).
- A fee increase to 20 basis points in the RBC contracts, effective March 1st.

B. Segal Advisors

Mr. DeMairo delivered the fourth quarter investment report (Exhibit D). He gave a brief market commentary and then spent the balance of his report pointing out several new report features, including activity and asset allocation charts for plan options (pages 16-20); a new asset allocation chart for the target date funds (page 23); and new summary charts comparing plan options to benchmarks and similar funds (pages 24-27).

Mr. DeMairo next delivered brief commentary on Exhibit D-1, which he described as a summary rating system for each plan options. He noted that Segal generated this report every quarter and would be delivered to the Board twice a year. He concluded his report by noting the recent merger between Segal and the investment consulting firm Rogers Casey.

Ms. Eitelberg of Segal distributed a recent report from Senator Hatch on state employee defined benefit plans. She then offered brief commentary on the continuing political and economic debate on governmental defined benefit plans and the effect of that debate on supplemental elective plans such as MSRP.

IV. Staff Reports

A. Finance

Ms. Roberts delivered the agency budget and expenditure report (Exhibit E), with emphasis on recent computer upgrade expenditures and the overall status of the reserve fund. She noted that both items were in line with expectations. She concluded her report by noting the plaque received from GFOA awarding the agency a Certificate of Excellence in financial reporting. Members complimented Ms. Roberts on her efforts.

B. Field Services

Mr. Holcomb gave a summary of Exhibit F which gave details on field staff plans for 2012. This included new web pages for use by benefit coordinators, “mini expos” as noted by Mr. Belnick and continued participation in benefit fairs.

V. Committee Reports

A. Audit Committee

No report at this time.

B. Investment Committee

Ms. Zercoe briefly described the Committee meeting that morning and the decision to place the Neuberger Berman Fund on watch list, with instructions to Segal Advisors

to begin a search for a replacement. A motion to proceed with the Committee recommendation was approved by unanimous vote.

C. Executive Committee

No report at this time.

VI. Board Secretary's Report

Mr. Halpin gave a report on recent activity, noting:

- The legislative session was quiet for MSRP, with no legislation having significant impact on MSRP. He noted that H.B. 277, encouraging various agencies to use minority firms for brokerage services, identified MSRP as subject to its requirements.
- MSRP had received only one complaint on the recent change in statements that eliminated a personal performance number (total assets less total contributions). Mr. Belnick noted that pursuant to Board member requests this feature would soon be re-introduced in future statements.
- The new Vanguard Bond Fund would soon be eligible for reduced pricing/Institutional Share class.

VII. Board Counsel's Report

No report at this time.

VIII. Executive Session

None

IX. New Business

No new business considered.

X. Adjournment

A motion to adjourn was entered at 12:20 pm, seconded, and carried unanimously.