



**Exhibit A**

**BOARD OF TRUSTEES FOR THE  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS  
MINUTES OF THE February 28, 2011 MEETING**

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*Maryland  
Teachers & State Employees  
Supplemental Retirement Plans*

The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans convened at 9:50 am on February 28, 2011 in Baltimore. A quorum was present.

**BOARD OF TRUSTEES**

T. Eloise Foster  
*Chairperson*

Sabrina Bass  
Nancy K. Kopp  
Linda Tanton, Esq.  
William W. Whitescarver  
Marcia Zercoe

Members Present

Ms. T. Eloise Foster  
Treasurer Nancy Kopp  
Ms. Linda Tanton  
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  
Mr. David Belnick, Nationwide Retirement Solutions  
Ms. Claudia Gulick, Nationwide Retirement Solutions  
Ms. Brenda Anderson, Nationwide Retirement Solutions  
Mr. Dan Wrzesien, Nationwide Retirement Solutions  
Mr. Andrew Ness, Mercer Investment Consulting  
Ms. Kelly Henson, Mercer Investment Consulting  
Mr. Jeffrey Boucek, Mercer Investment Consulting  
Mr. David Berg, DB Advisors  
Mr. John Axtell, DB Advisors  
Mr. Philip Harris, Financial Integrity Resources Mgt.  
Ms. Jeanette Hernandez Harris, Financial Integrity Resources Mgt.  
Ms. Jeanette Mora, Financial Integrity Resources Mgt.

Michael T. Halpin, CRC, CRA  
*Secretary/ Executive Director*

Debra L. Roberts, CPA, CRC  
*Director of Finance*

Richard A. Arthur  
*Director of Operations & Technology*

Louis A. Holcomb, Jr., CRC  
*Director of Participant Services*

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*Visit the MSRP Board website at  
[www.MSRP.state.md.us](http://www.MSRP.state.md.us)*

*Call About the Plans  
or to Enroll  
1-800-545-4730  
or Enroll on-line at  
[www.MarylandDC.com](http://www.MarylandDC.com)*

I. Chairperson's Remarks

The minutes of the Board meeting held on January 24, 2010 were unanimously approved (Exhibit A).

II. Administrator's Report & Marketing Plan Update

Mr. David Belnick began his report by introducing Mr. Dan Wrzesien as senior field representative. He will be assuming additional supervision responsibility for NRS field representatives and liaison between NRS and F.I.R.M. retirement counselors.

Mr. Belnick then began the main body of his report (Exhibit B) and observed that plan statistics and performance were generally doing well notwithstanding the difficult conditions of 2009-2010, e.g., volatile markets, reduced pay, and strained economic conditions. Both assets and contributions had increased and while there was a decline in total accounts, year over year, most statistics were starting to see improvement. As an example of these interrelated trends he noted that the reduction in deferrals caused by an increase in the number of retirees was to some degree offset by large contributions of accumulated vacation pay by the retirees.

He concluded his report with notes on the following items:

- An increase of mandatory employee contributions to the pension plan would have a negative impact on contribution and participation rates for MSRP.
- 2010 saw a significant increase in distributions. This occurred through a combination of factors, such as ongoing market volatility and the resumption of required minimum distributions.
- Ongoing communication efforts will emphasize "Team MSRP" in materials that describe the service units, e.g., NRS, F.I.R.M., and MSRP field staff.
- Revitalization efforts will include outreach to employee benefit coordinators, with possible resumption of periodic benefit coordinator academies. Chairperson Foster suggested that Mr. Belnick contact Anne Timmons of Budget and Management on this effort.
- Loan and hardship requests had flipped, e.g., loan numbers had increased significantly but hardships had dropped.
- The increasing scope of rollovers into the plan showed employee confidence in MSRP benefits and structure.

Mr. Dan Wrzesien continued the NRS presentation with a "walk-through" or explanation of the NRS computer-based interactive retirement planning tool (Exhibit B-2). He explained that NRS and F.I.R.M. representatives would use this device/service when meeting with employees, and that it also is available through the NRS plan website. Member comments were generally favorable; Chairperson Foster asked for a future report on the number of employees using the device over specific periods.

Ms. Jeannette Mora delivered a brief report on F.I.R.M. activities (Exhibit B-1). She described training and transition activity in January and February, noted this was largely completed, and emphasized the importance of the "Team MSRP" approach.

### III. Investment Advisors' Reports:

A. Mr. Boucek of Mercer delivered the 4<sup>th</sup> quarter investment performance report, beginning with general commentary on the state of the economy and markets (Exhibit C, pp. 1-14). He focused on the management summary, emphasizing the PIMCO details (Exhibit C, p. 15). The Treasurer asked whether the changes noted in the report for the PIMCO fund changed the fundamental nature of the fund as a bond fund, or caused a significant changes in the risk profile of the fund. Mr. Boucek answered they did not.

Mr. Boucek next noted the watch list detail (Exhibit C, p. 19) and stated there was no real change in the status of the funds on the watch list: Morgan Stanley Mid Cap Growth fund (structural issues) and Growth Fund of America (performance issues). His presentation report concluded with performance commentary on various funds and the Investment Contract Pool. Ms. Henson advised caution on comparing the Plan ICP performance against the report benchmark for stable value performance, because the benchmark was before reduction of fees, and the ICP reported return was after reduction for fees. Mr. Barry asked for a report, if possible, on the range of fees present in the benchmark; Ms. Henson doubted that complete information was available but said that some general information could be produced.

Ms. Kelly Henson concluded the Mercer presentation with brief commentary on a Mercer "check list" distributed to plan sponsors that described various ways plan performance and governance can be improved (Exhibit C-1). She observed that on most of the items (fee disclosure; oversight of fees and stable value arrangements; retirement counseling) MSRP compared favorably to the universe of large sponsors, e.g., was "ahead of the game". The presentation concluded with a discussion on inflation strategy investment options, but no decisions or conclusions were reached.

B. Mr. Axtell of DB Advisors delivered the 4<sup>th</sup> quarter performance report (Exhibit D) and the contract summary report (Exhibit D-1) Most of this report focused on evolving trends in the wrapper market – generally higher fees, tighter control on investment quality, but some overall improvement over the preceding 12 month period. Mr. Axtell gave some detail on investment performance of the underlying managers, and noted that the crediting rate had slightly improved. His presentation concluded with a general discussion of how the wrapper contract issuers might respond to certain Maryland legislative proposals that would create a possibly competing defined contribution pension system. Mr. Barry promised a technical memo on the subject.

### IV. Staff Reports

#### A. Finance Office

Ms. Roberts delivered the finance report attached as Exhibit E. She noted that expenditures and revenue were on track with the budget and projections assisted by the recent increase in asset values and the recently adopted 50¢ a month charge. The reserve balance was increasing at about \$30,000 a month.

B. Field Staff

Mr. Holcomb presented the report attached as Exhibit F. He noted that the seminar context had been recently updated and posted (per Member suggestion) to the MSRP website.

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 delivered the report attached as Exhibit G. He noted that implementation of the Roth accounts was moving forward; that the restructuring of responsibilities relating to the loss of a position through the voluntary separation program was proceeding smoothly; and that budget hearings were scheduled for the following week. He noted that the legislative analyst report on agency operations and budget was favorable.

VII. Board Counsel's Report

None.

VIII. Executive Session

None

IX. New Business

No new business considered.

X. Adjournment

A motion to adjourn was entered at 11:30 am, seconded, and carried unanimously.