



Exhibit A

Maryland
Teachers & State Employees
Supplemental Retirement Plans

**BOARD OF TRUSTEES FOR THE
MARYLAND TEACHERS & STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS
MINUTES OF THE November 24, 2008 MEETING**

BOARD OF TRUSTEES

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The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans convened at 9:43 am on November 24, 2008 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

Members Absent

None

Representatives and Guests

Mr. Michael Halpin, Staff
Mr. John Barry, Esquire, Board Counsel
Ms. Debra Roberts, Staff
Ms. Richard Arthur, Staff
Mr. Louis Holcomb, Staff
Ms. Anna Marie Smith, Staff
Mr. Matt Riebel, NRS
Mr. David Belnick, NRS
Ms. Claudia Gulick, NRS
Mr. Stephen Farley, NRS
Mr. Brenda Anderson, NRS
Ms. Mary Pat Alcus, Mercer Investment Consulting
Mr. Nick Davies, Mercer Investment Consulting
Mr. Andrew Ness, Mercer Investment Consulting
Ms. Marge Spears, DB Advisors
Mr. John Axtell, DB Advisors
Mr. Brett Gorman, DB Advisors
Dr. Melissa Moye, Treasurer's Office
Mr. Dylan Baker, Dept. of Legislative Services
Mr. Nick Marrocco, Dept. of Legislative Services

I. Chairperson's Remarks

The minutes of the Board meeting held on August 25, 2008 were unanimously approved (Exhibit A).

II. Executive Session

The Chairman requested an executive session to discuss confidential contract matters. Members approved an Executive Session by unanimous vote.

Resumption of Regular Business

The Chairman announced at the resumption of the regular open meeting that no specific action or vote had been taken during the Executive Session.

III. Administrator's Report & Marketing Plan Update

Mr. David Belnick introduced Mr. Matt Riebel, President of Nationwide Retirement Solutions. Mr. Riebel delivered a special report (Exhibit B-1) on recent corporate developments at Nationwide and the overall financial health of the company. He thanked the Board for the opportunity to speak, and affirmed the statements in Exhibit B-1: notwithstanding the difficulties in national financial markets and the unprecedented volatility facing many entities, Nationwide retained a strong balance sheet, excellent liquidity, and very good overall financial health.

Mr. Belnick then delivered the traditional Administrator's report (Exhibit B). He noted that the 3rd quarter presented significant challenges in light of declining markets, plan assets, and overall financial volatility. He spent some time on plan data that compared the 3rd quarter of 2007 and the 3rd quarter 2008. He noted that deferrals were up slightly over this period, with a measurable increase (36% - 08; 28% - 07) in contributions to fixed income investment, and a significant decrease (29% - 08; 37.5% - 07) in deferrals allocated to large cap equity funds. He concluded the report with a brief discussion of certain plan statistics: a slight increase in the number of accounts, stability in overall participation rates, a slight increase in enrollments, and a steady increase in the number of participant retirement consultations. He then described a plan, soon to be implemented, of regular breakfast meetings in different parts of the state for retired participants. These meetings would serve as forums for general information on investments and plan options and services. The first meeting is scheduled for mid-December.

Mr. Belnick then introduced Mr. Stephen Farley, who described various aspects of the upcoming transition to the new record-keeping system, DC-DIRECT, scheduled for December 12th. He noted that most testing had been completed and gone well, with November 28th scheduled as the "go/no go" decision date. Chairman Foster asked for an assessment of a similar, recently completed transition in Alabama; Mr. Farley said it had gone well. Mr. Belnick concluded the report with a description of staff training for the new system, including the increased ability of field personnel to make account changes for participants.

IV. Investment Advisor's Report:

A. Ms. Mary Pat Alcus of Mercer Investment Consulting delivered the 3rd Quarter report attached as Exhibit C, with a focus on broad overall trends (largely negative)

for mutual funds. Mrs. Kopp inquired whether the significant declines in the stock prices had an effect on the classification of funds (such as small-cap or mid-cap); Ms. Alcus stated this was possible, but not typical, as managers, funds and benchmark definitions generally moved up and down together.

Ms. Alcus concluded the report with commentary on a number of matters.

- (1) The ICP book to market ratio was in line with Mercer information for similar size pools maintained by other clients;
- (2) The Neuberger-Berman Partners Fund formerly owned by Lehman Brothers, had effected the change of control to Neuberger Investment Management--a group consisting of portfolio managers, the management team and senior professionals.
- (3) Mercer has some concern that the size of the American Growth Fund may affect performance in the future;
- (4) A possible tracking error for the Vanguard International Index Fund, e.g., a small deviation in return from the intended benchmark;
- (5) An upcoming teleconference with Neuberger-Berman management;
- (6) The Committee recommendations on Legg Mason and Lord Abbett.

B. Mr. John Axtell and Mr. Brett Gorman of DB Advisors delivered the report attached as Exhibit C. Mr. Axtell noted the overall positive performance compared to the equity markets, but that fixed income markets remained very challenging. Mr. Gorman noted a number of miscellaneous items, and emphasized the specific steps DB Advisors has taken over the past year to increase stability of the fund. This included increasing cash from 4 to 8%. Mr. Marrocco, Legislative Auditor, inquired on a technical detail related to when the ICP recognizes bond losses. Mr. Axtell suggested that Mr. Marrocco have a follow-up discussion with DB Advisors on the issue following the meeting, and offered to provide any supporting documentation that the Auditor may request."

V. Staff Reports

A. Finance Office

Mrs. Roberts delivered the budget report attached as Exhibit E. She noted that the decline in plan assets (and resulting fee income) had caused a decline in the reserve for expenses, which was still adequate but would need to be watched closely over the coming months.

B. Field Services

Mr. Holcomb delivered the report attached as Exhibit F and noted the following items:

- (1) The retirement review days recently conducted in Annapolis and Baltimore;
- (2) Field staff was on target to meet its goal of 300+ events for 2008;
- (3) Employee satisfaction as expressed in surveys was high.

VI. Committee Reports

A. Audit Committee

No report

B. Investment Committee:

Mr. Whitescarver described Committee activity on November 13th and 24th and concluded with the Committee recommendations:

- (1) Lord Abbett Mid Cap Value Fund - Close the fund and re-direct deferrals and existing balances to a new fund, the T. Rowe Price Mid Cap Value Fund. The Mercer search report and recommendation received by the Committee is attached as Exhibit (C). The freeze date for the fund would be January 23, 2009 and the transfer date May 22, 2009.
- (2) Legg Mason Value Trust – Close the fund and re-direct deferrals and existing balances to an existing fund, the Vanguard Institutional Index Fund. Mr. Whitescarver noted the other possible transferee funds, and the Mercer opinion that the Index fund was suitable as a transferee because it was a similar fund, e.g., a large cap core fund. The fund would be frozen, and balances transferred, on the same dates as Lord Abbett.

A general discussion ensued. Members asked for and received assurances on participant notification according to the traditional practices for closing a fund. On Lord Abbett, Treasurer Kopp moved (Mr. Black, second) to adopt the Committee recommendation for closure of the fund and its replacement with the T. Rowe Price Mid-Cap Value Fund, according to the usual procedures for notification, closure and transfer. The motion carried unanimously.

The Board next took up in the Legg Mason Fund, Mr. Black moving (Mr. Whitescarver, second) that the Board adopt the Committee recommendation to close the fund and to transfer any remaining balances to the Vanguard Institutional Index Fund, all according to the Board's usual procedures, including procedures for participant notification. The motion carried unanimously.

Mr. Whitescarver then described the Committee's recent review of the Investment Contract Pool. He stated that the Committee accepted the recommendation of DB Advisors to change the schedule for the adjustment of the crediting rate from quarterly to monthly, effective January 1, 2009. He asked for Board approval of this action; a motion to change from quarterly to monthly rate setting was approved unanimously.

VII. Board Secretary's Report

Mr. Halpin stated that approved minutes of this and future regular meetings of the MSRP Board of Trustees would be posted on the Board's website.

VIII. Board Counsel's Report

Mr. Barry discussed the 403(b) Plan Resolution and recommended its approval (Exhibit G). The Board unanimously approved the 403(b) Plan adopted under this Resolution, effective January 1, 2009. Mr. Barry also distributed the 3rd Quarter Counsel's report (Exhibit G-1)

IX. New Business

X. Adjournment

A motion to adjourn was entered at 12:35 pm, seconded, and carried unanimously.