



Maryland  
Teachers & State Employees  
Supplemental Retirement Plans

**BOARD OF TRUSTEES FOR THE  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS  
MINUTES OF THE December 8, 2017  
SPECIAL MEETING**

---

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans convened at 8:35 a.m. on December 8, 2017, in Baltimore for a Special Meeting. A quorum was present.

BOARD OF TRUSTEES

T. Eloise Foster  
*Chairperson*

Thomas M. Brandt, Jr.  
Lynne M. Durbin, Esq.  
Nancy K. Kopp  
John D. Lewis  
Johnathan R. West

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

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

Richard A. Arthur, MBA, CPM  
*Director of Operations & Technology*

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

*William Donald Schaefer Tower  
Suite 200  
6 Saint Paul Street  
Baltimore, Maryland  
21202-1608*

*Telephone: 410-767-8740  
Toll-Free: 1-800-543-5605*

*TTY: Use 711 in Md.  
Or 1-800-735-2258*

*Fax: 410-659-0349*

*Visit the MSRP Board website at  
<http://MSRP.maryland.gov>*

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

Members Present

Ms. T. Eloise Foster  
Mr. Thomas Brandt, Jr.  
Ms. Lynne Durbin  
Ms. Nancy Kopp  
Mr. John Lewis  
Mr. Johnathan West

Representatives and Guests

Mr. Michael Halpin, Staff  
Ms. Lara L. Hjortsberg, Board Counsel  
Mr. Richard Arthur, Staff  
Ms. Debra Roberts, Staff  
Mr. Louis Holcomb, Staff  
Ms. Anna Marie Smith, Staff  
Mr. Bob Hergenroeder, Nationwide  
Mr. William Weber, Galliard Capital Management  
Mr. Peter Schmit, Galliard Capital Management  
Mr. Francois Otieno, Segal Marco Advisors  
Ms. Vanessa Vargas, Segal Marco Advisors  
Ms. Kim Young, T. Rowe Price  
Ms. Chris Young, T. Rowe Price  
Ms. Jennifer Falcone, T. Rowe Price

## I. Chairperson's Remarks

It was noted that the purpose of the meeting was to provide the Board with an education session on several topics relevant to the administration of the Plans. The topics to be reviewed at the session would include a review of the stable value asset class and a review of the T. Rowe Price Target Date Funds, including a comparison against peers. Each of Mr. DeMairo, Ms. Vargas and Mr. Otieno from Segal Marco Advisors ("Segal"), the financial advisor to the Board, introduced him or herself and the presentations proceeded according to the agenda.

## II. Review of Stable Value Asset Class

Ms. Vargas and Mr. Otieno led the presentation of the stable value asset class. The Board members were directed to the exhibit previously distributed with the Board packages on this agenda item.

The Segal presentation included the following: an overview of the stable value market and a review of the specifics of the MSRP stable value program, including the manager and sub-managers of the stable value program. The presentation of the stable value market included a review of

- What is stable value?
- Mechanics of stable value
- Types of wrap contracts
- Wrap contract terminology
- Review of the wrap provider issuer universe
- Stable value risk/return profile
- Recent market trends in stable value
- Implementation considerations

In reviewing the MSRP stable value program, the presentation covered the manager structure, during which it was noted that Galliard was the overall manager and one of the short-term managers, and that the sub-managers were TCW (intermediate), Earnest Partners (intermediate), Barings (intermediate) and JP Morgan (short). Segal also presented on the characteristics of the MSRP stable value portfolio, performance of the portfolio from an overall standpoint and with respect to each manager.

## III. T. Rowe Price ("TRP") Target Date Funds ("TDFs") vs. Peers

Mr. DeMairo and Ms. Vargas provided the presentation on the TRP TDFs. The Board was directed to the exhibit previously distributed with the Board packages on this agenda item. Ms. Vargas presented information on the following:

- Asset class overview
- History of the TDF asset class (1994-present)
- Regulation
- Terminology
- Factors to consider in selecting a glide path
- Classifications of TDFs and an explanation of each
  - "To" and "Through"

- Active, Passive and Blend
- Open-Architecture and Closed-Architecture
- Custom and Off-the-Shelf
- Evolution of TDFs
- TDF Industry

The presentation then proceeded to Segal's research process. It was noted that the process is both qualitative and quantitative, with all of the steps listed on page 15 of the presentation reviewed and considered together during the process.

The presentation then focused on a product comparison of the TRP TDFs as compared to three other providers – American Funds Target Date Retirement, JPMorgan SmartRetirement and Vanguard Target Retirement. Segal presented the following information in the comparison:

- Product summary
- Historical enhancements
- Equity allocation
- Fixed income allocation
- Underlying investments
- Asset class diversification
- Returns (as of September 30, 2017)
- Risk versus reward
- Fees

There was a discussion of the decision to select TRP. It was noted that the initial decision was made in 2006, with implementation in 2007. It was also noted that the selection has been revisited several times since then during the biennial reviews. There was also a discussion of the fixed income enhancements TRP has previously announced. It was noted that those enhancements were in process, with minor changes having been made so far.

Mr. Halpin noted that with Mr. Wilson Parran's recently announced resignation from the Board, there was also a vacancy on the Financial Capabilities Commission, on which the Board had an appointed seat. Mr. Halpin noted that he would circulate the information regarding this seat and the expectation regarding service on the Commission to the Board members.

#### IV. Adjournment

A motion to adjourn was entered at 11:36 am, seconded, and carried unanimously.