Exhibit A

BOARD OF TRUSTEES FOR THE MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS MINUTES OF THE May 23, 2016 MEETING

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

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans convened at 9:35 a.m. on May 23, 2016, in Baltimore. A quorum was present.

Members Present
Ms. T. Eloise Foster
Mr. Thomas Hickey
Mr. Wilson Parran

Representatives and Guests
Mr. Michael Halpin, Staff
Ms. Lara L. Hjortsberg, Board Counsel
Mr. Richard Arthur, Staff
Ms. Debra Roberts, Staff (*via phone*)
Mr. Louis Holcomb, Staff
Ms. Anna Marie Smith, Staff
Ms. Bernadette Benik, State Treasurer's Office (*representing Treasurer Kopp)*
Mr. Jeffrey Francis, Nationwide
Mr. Daniel Wrzesien, Nationwide
Ms. Rochelle Grandy, Nationwide
Ms. Taylor Benson, Galliard Capital Management
Mr. John DeMairo, Segal Rogerscasey
Ms. Vanessa Vargas, Segal Rogerscasey
Mr. Claude Gregory, Financial & Realty Services, LLC
Mr. Graylin Smith, SB & Company, LLC
Mr. Chris Lehman, SB & Company, LLC
Mr. William Seymour, SB & Company, LLC
Ms. Jennifer Falcone, T. Rowe Price
Ms. Janet Wilt, Staff

I. Chairperson's Remarks

Upon motion duly made and seconded, the minutes of the regular meeting of the Board of Trustees held on February 22, 2016 (Exhibit A), were unanimously approved.

II. Employee Service Awards

Chairperson Foster noted that the Governor had designated May 4, 2016 as State employees appreciation and recognition day. Ms. Foster recognized Ms. Janet Wilt for 15 years of service to MSRP and 24 years to the State of Maryland. Board members joined Ms. Foster in expressing thanks and appreciation for Ms. Wilt's dedicated service.

III. Comprehensive Annual Financial Report

Mr. William Seymour of SB & Company led the discussion of the presentation of the audit report (Exhibit G – *Presentation to those Charged with Governance*). He reviewed the scope of services with the Board. Mr. Seymour noted that the auditors intended to issue an unqualified opinion with respect to the financial statements. He explained that the auditors did not discover any material weaknesses or instances of fraud, and he confirmed that SB & Company had received the full cooperation of management and Nationwide during the audit. He noted no significant findings with respect to the agreed upon procedures.

Mr. Christopher Lehman then presented the remainder of the audit report, including the *Comprehensive Annual Financial Report (CAFR) for the Calendar Year Ended December 31, 2015* (Exhibit G-1). Mr. Lehman described the risk-based audit approach; assessment of control environment; and summary of key accounts and audit results. Mr. Lehman noted that with respect to the agreed upon procedures that the scope of services was expanded this year to increase the testing of the allocation of earnings and administrative fees at the participant level. Mr. Lehman reviewed the implementation of new accounting policies, noting that there were none during the year with a material impact on the Plans. He then reviewed the audit results with the Board. Mr. Lehman closed his report with the required communications to the Board on page 13 of Exhibit G, noting that he did not have anything of a negative nature to bring to the Board's attention.

Ms. Roberts reported that she had no comments to add to the audit report other than to note the expansion of the agreed upon procedures to expand the participant-level testing was important. Mr. Halpin added his agreement, noting that the sample size increased tenfold so that where 20 participants were being tested in the past, 200 were tested during this audit and at varying levels of account values in order as to test the caps on fees. Mr. Halpin noted that these tests had discovered no exceptions thus far. Ms. Roberts then proceeded to review the CAFR and its component parts with the Board. She noted that she believed the CAFR continued to meet the standards of the Government Finance Officers Association, for which the agency had received a Certificate of Excellence in Financial Reporting Award for the past five years.

Upon motion duly made and seconded, the CAFR as presented at the meeting was unanimously approved.

IV. Staff Reports

Finance

Ms. Debra Roberts presented the agency budget and expenditure report (Exhibit E) as of April 30, 2016. She noted revenues of $1,392,763, which were $35,263, or 2.60%, more than budget. Ms. Roberts noted that expenditures were $1,352,167 which was $17,163, or 1.25%, less than budget. She explained each of the favorable and unfavorable variances for the expenditure lines. She noted a reserve balance of $538,979, as compared to a balance at February 29, 2016 of $709,511. Ms. Roberts noted that the Board asset fee holiday has resulted in a 24% decrease in the reserve balance. She noted that the fee holiday would continue until June 30, 2016.

[*The remainder of staff reports appear under Section VI of the minutes below.*]

V. Administrator's Report & Marketing Plan Update

Mr. Daniel Wrzesien presented the Administrator's Report for the first quarter of 2016 (Exhibit B). He first directed the Board's attention to the addition of a new Executive Summary in the report and highlighted the following:

- Current Assets: $3.32 billion
- Total Participants: 65,990
- Enrollments: 732
- Deferrals: $45,125,395
- Mutual Fund Savings: $525,675
- Rollovers-In: 111/$4.9 million
- Distributions: $57,792,791
- Rollovers-Out: 411/$17.2 million
- Loans: 480 active/$5,472,971
- Hardship/UE: 383

Mr. Wrzesien also highlighted the following achievements and initiatives for the first quarter of 2016:

- MSRP Board asset fee holiday was implemented in March, during which participants will not be charged the 5 basis point (bps) MSRP portion of their asset fee from March to June 2016
- Updated participant loan brochure and loan information was made available on www.Marylanddc.com
- Multi Factor Authentication website security enhancements implemented
- Benefit Coordinator Academies – hosting 8 events across the state
- Fillable forms will soon be available on www.Marylanddc.com
- Project team is working to sync fee information appearing on web screens and quarterly statements to the exact penny, which affects approximately 8 participants with very large account balances; implementation expected October 2016

Mr. Wrzesien returned to key points in the Administrator's Report from the Executive Summary. He noted that rollovers/transfers out were $6.9 million less than the first quarter of 2015, which he attributed to the Personal Retirement Consultant (PRC) outreach program. He noted that assets and contributions were down by $89 million and $966,000, respectively, as compared to the first quarter of 2015. In reviewing the allocation of assets and contributions in the Plans as compared to the first quarter of 2015, he noted that allocations and contributions were relatively consistent. He highlighted that allocations of contributions to the Target Date Funds (TDFs) increased by 2.2%.

Mr. Wrzesien then reviewed the mutual fund reimbursements for the fourth quarter and year-to-date, noting that $525,000 had been returned to participant accounts during the first quarter of 2016, as compared to $536,000 for the first quarter of 2015, representing less than a 1% decrease. Mr. Wrzesien next reported on participant account activity for the first quarter of 2016, noting 65,990 accounts, representing a 1.1% increase since March 31, 2015. Mr. Wrzesien noted that 469 retirees had closed accounts during the first quarter of 2016, which represented the largest number of account closures in recent history. He noted distributions of $57.8 million in the first quarter of 2016, as compared to $60.3 million in the first quarter of 2015, representing a decrease of $2.5 million. He attributed this decrease to education efforts that are helping participants realize they can remain in the Plans after retirement. Mr. Wrzesien reported contributions of $45.1 million for the first quarter of 2016, as compared to $46.1 million for the first quarter of 2015, representing a decrease of $1 million. He reported that distributions exceeded contributions by $12.7 million for the first quarter of 2016, as compared to $14.2 million for the first quarter of 2015.

Mr. Wrzesien then proceeded to the marketing updates, stating that the overall plan participation rate was 75.77% of eligible employees, with 46.66% participants actively deferring. He continued to the Nationwide Retirement Solutions' Retirement Specialist/Customer Service Production Summary, noting that new enrollments (732) were down by 25% as compared to the first quarter of 2015 (970). He reported contribution increase activity by 1,784 participants (as compared to 2,394 in the first quarter of 2015). He reported that contribution decrease activity for the first quarter of 2016 as compared to the first quarter of 2015 increased from 439 to 707 and that suspension activity decreased slightly from 246 to 236. Mr. Wrzesien then presented the loan and hardship analysis, noting that there were 480 new loans, as compared to 555 new loans in the first quarter of 2015. He reported 5,048 active loans in the first quarter of 2016, representing $38 million. Mr. Wrzesien reported that a dedicated loan queue for the MSRP customer service line had been launched on May 2. For hardships, he noted 383 approved hardships, representing a slight decrease from 404 in the first quarter of 2015.

Mr. Wrzesien reported on rollovers, noting 111 rollovers into the Plans, representing $4.9 million, and 411 roll overs out of the Plans, representing $17.2 million, as compared to 173/$5.9 million and 456/$24.7 million, respectively, in the first quarter of 2015.

Mr. Wrzesien noted a Minority Business Enterprise participation rate of 18% for the first quarter of 2016. He noted that he expected this number to increase to 20% by the end of the year.

Mr. Jeffrey Francis addressed the Board and noted that Nationwide recognized that although it had a long relationship with MSRP and the Board, Nationwide did not want that relationship to grow stale and that Mr. Francis was interested in meeting with the Board at a later date to work to build on the existing relationship.

Chairperson Foster requested that the language in the unaudited financials distributed to the Board be corrected to remove the outdated language that indicates that hardships are approved by the Board. Mr. Wrzesien indicated that this language would be corrected going forward.

V. Investment Advisors' Reports:

A. Segal Rogerscasey ("Segal")

Ms. Vanessa Vargas presented the first quarter performance report (Exhibit C). After providing a summary of the financial market conditions for the first quarter of 2016, Ms. Vargas highlighted the following:

- The allocation to each of the Plans was as follows: 457 Plan – 45%, 401(k) Plan – 48%, 403(b) Plan – 1.9%, and 401(a) Plan – 5.1%.
- Stable value represented 25% of the market value in the Plans; active options accounted for 35%; passive options accounted for 23%; and the TDFs accounted for 15%.
- Active core and passive core options represented approximately 60% and 40%, respectively, of the total core options in the Plans.
- Asset allocation remained relatively the same from the beginning of the quarter to March 31, 2016.
- Performance versus market index for the active and TDFs underperformed their benchmarks for the quarter, 1-, 3- and 5- year periods; some returns have improved as of April 30, 2016.
- On a peer-to-peer basis, most of the ten active core options were above median in the shorter-term, except for PIMCO Total Return, Goldman Sachs Large Cap Value, Fidelity Puritan and American Century Equity Growth; as to the exceptions the following was noted:
    - PIMCO Total Return (*on Watch List*)– recommendation to revisit replacement search;
    - Goldman Sachs Large Cap Value (*on Watch List*) – April performance (-2.4) remain below benchmark (+1.6) and long-term performance are below benchmark and peers; may bring potential candidates to Board for consideration;
    - Fidelity Puritan – April performance (+74 bps) outperformed its benchmark (+39bps); and
    - American Century Equity Growth (*on Watch List*) – April performance (0) underperformed its benchmark (+39 bps) and long term performance still lower; this is a newer addition to the Watch List
- Returns for TDFs were mixed, with returns ranging from 0.00% (2060 Fund) to +2.41% (2005 Fund) for the quarter.

Ms. Vargas directed the Board to Exhibit C-2, *T. Rowe Price Group, Inc., U.S. Small Cap Core Equity Strategy and Corresponding Mutual Fund, dated April 22, 2016*. Ms. Vargas noted that the lead portfolio manager for the strategy would be stepping down but that Segal did not anticipate a ratings change as a result of this announcement.

Ms. Vargas then directed the Board to Exhibit C-3, *Money Market Fund Recommendation for the 403(b) Plan, dated May 23, 2016*. Ms. Vargas noted that because of the rules governing money market funds adopted by the Securities and Exchange Commission in 2014, Segal was recommending a change to the money market fund in the 403(b) Plan to move to a government money market fund which will not have liquidity fees and gates. She noted that although there would be return trade-offs because these types of money market funds invest mostly in government securities, a government money market fund would be better for participants because it would not have the complications of liquidity fees and gates. She noted that the expense ratio for the recommended investment option – the Vanguard Federal Money Market Fund – was 11 bps, as compared to 10 bps for the current Vanguard Prime Money Market Fund.

After discussion, and upon motion duly made and seconded, the recommendation to change the money market fund investment option offered in the 403(b) Plan from the Vanguard Prime Money Market Fund to the Vanguard Federal Money Market Fund was approved.

Ms. Vargas next directed the Board to Exhibit C-4, *T. Rowe Price Share Offerings, dated May 23, 2016*. She noted that, at the request of Mr. Halpin, Segal had reviewed the expense ratios of the T. Rowe Price options offered in the Plans and determined that there are lower fee share classes available in the Mid Cap Value and Small Cap Stock Funds. It was noted that because of the 15 bps rebate provided to participants invested in these funds under the revenue sharing agreement between Nationwide and T. Rowe Price, in order for a share class fee reduction to be advantageous to participants, the reduction would need to be more than 15 bps. For the Mid Cap Value and Small Cap Stock Fund, Ms. Vargas stated that the expense ratio savings would be 15 bps and 24 bps, respectively. It was noted that the anticipated mapping date for the change was August 16, 2016 and that the second quarter statements would carry the announcement.

After discussion, and upon motion duly made and seconded, the change of the share class for the T. Rowe Price Mid Cap Value and the T. Rowe Price Small Cap Stock Fund from the Investor Class to the I Class was approved, and the Executive Director was authorized and directed to work with Nationwide to implement the change with respect to the existing assets in the Plans in these Funds and with respect to the mapping of future contributions to these Fund.

(Note: Following the meeting, Mr. Halpin determined that expense ratio information in newly-published prospectuses for the T. Rowe Price Funds indicated that the share class savings for the Mid Cap Value Fund would be less than the 15 bps necessary to benefit MSRP participants. Therefore, upon consultation with the Board Chairperson, the decision was made not to proceed with the share class change for that Fund.)

B. Galliard Capital Management ("Galliard")

Ms. Taylor Benson provided the first quarter performance report for the quarter ending March 31, 2016 (Exhibit D), during which she highlighted the following:

- Assets under management (AUM) were $766 million.
- Duration was 2.43 years.
- The monthly declared rate (net of fees) was 1.77%.
- Market-to book ratio was 101.4%.
- Performance for the quarter was 0.49% before investment management fees and 0.43 net of investment management fees.
- Annualized investment performance since inception (2/1/14) was 1.97% before investment management fees and 1.70% net of investment management fees.
- The ICP was comprised of 6 issuers; one guaranteed investment contract will roll off in October 2016.
- Average holdings quality was Aa3/AA.

Ms. Benson then reviewed the underlying manager performance in the ICP for the quarter, noting the following for the quarter:

- Babson – +1.84% (benchmark: 2.34%);
- Earnest Partners – +0.94% (benchmark: +0.98%);
- JPMorgan – +1.47% (benchmark: 1.68%);
- PIMCO – +1.88% (benchmark: +2.06%);
- Galliard – +1.14% (benchmark: +0.89%);

Ms. Benson noted that PIMCO would be replaced by TCW in June.

VI. Staff Reports

B. Field Services

Mr. Holcomb presented the field staff report (Exhibit F), which included a 2016 "*Benefit Coordinators' Academy"* flyer and "*MSRP SAVING$ Expo*" brochure. Mr. Holcomb reported that the SAVING$ Expo held on May 18th at the State Office Building on Preston Street attracted over 400 attendees.

VII. Board Secretary's Report

Mr. Halpin presented the Board Secretary's Report. He began his report by noting that the SAVING$ Expo had been a good success and that the educational program included during the Expo is continually updated so that it remains current based on information brought back from the field by Mr. Holcomb and his staff. Mr. Halpin reviewed Exhibit H, with the Board. He noted three pieces of 2016 legislation relevant to the agency – HB1014 College Affordability Act of 2016, SB1007/HB1378 Maryland Small Business Retirement Savings Program and Trust and SB633 State Employees' Retirement Savings Plan – and the status of each. He next updated the Board with respect to a discrepancy between participant statements and on-line account displays previously alluded to during the Administrator's Report. Mr. Halpin provided additional background and noted that a solution had been identified for the fee cap and the discrepancy between statements and online display. He also noted that the asset fee calculation should be more transparent for participants once the solution was rolled out.

VIII. Board Counsel's Report

Ms. Hjortsberg reported that she was working with Nationwide's counsel to develop a formalized process for interpleader when beneficiary disputes arise with respect to deceased participants. She stated that she and Nationwide's counsel had noted an uptick in these types of disputes over the last few years and expected the increase to continue as the Plans continued to age.

IX. Executive Session

None

X. New Business

None

XI. Adjournment

A motion to adjourn was entered at 11:26 a.m., seconded, and carried unanimously.