



Maryland
Teachers & State Employees
Supplemental Retirement
Plans

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BOARD OF TRUSTEES

Hon. T. Eloise Foster
Board Chair

Thomas M. Brandt, Jr.
Hon. Dereck E. Davis
Lynne M. Durbin, Esq.
Jaelyn Hartman
Thomas P. Hickey
John D. Lewis
Johnathan R. West

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Ronda Butler Bell, MPA
Executive Director
& Board Secretary

Nakeia C. Smith
Acting Deputy Executive Director
& Chief Financial Officer

Tonya M. Toler, CRC® CPM
Director of Member Services

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BOARD OF TRUSTEES OF THE
MARYLAND TEACHERS & STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS
January 22, 2024
MEETING MINUTES

TRUSTEES PRESENT

Hon. T. Eloise Foster, Board Chair
Mr. Thomas M. Brandt, Jr.
Hon. Dereck E. Davis (*entered the Zoom at 9:37 a.m.*)
Ms. Lynne M. Durbin, Esq.
Ms. Jaelyn Hartman (*entered the Zoom at 9:45 a.m.*)
Mr. Thomas P. Hickey
Mr. John D. Lewis
Mr. Johnathan R. West

REPRESENTATIVES OF MSRP

Ms. Ronda Butler Bell, Executive Director & Board Secretary
Ms. Nakeia Smith, Acting Deputy Executive Director & Chief Financial Officer
Ms. Andrea Hill, Assistant to the Executive Director
Mr. Ronald Pringle, Member Services Administrator
Ms. Camella Davenport, Member Services Administrative Assistant
Ms. Angela Anderson, Member Services Education Specialist
Ms. Jeannie Sutton, Member Services Education Specialist
Ms. Anne O'Neill, Member Services Education Specialist
Ms. Dymun Shelton, Finance & Compliance Administrative Assistant

REPRESENTATIVE OF THE OFFICE OF THE ATTORNEY GENERAL

Ms. Deborah A. Donohue, Assistant Attorney General

GUESTS

PLAN ADMINISTRATOR - Nationwide Retirement Solutions

Mr. Daniel Wrzesien, Executive Program Director
Ms. Brenda Anderson, AVP, Custom Large Plans
Ms. Amelia Dunlap, Vice President, Communications & Education
Ms. Julie Bartone, Senior Consultant, Communications & Education

INVESTMENT ADVISOR - NFP Retirement, Inc.

Mr. Tyler Brocato, Senior Plan Advisor

STABLE VALUE FUND MANAGER - T. Rowe Price

Mr. Antonio Luna, Portfolio Manager and Head of Stable Asset Management Team
Mr. Ryan Wagner, VP, Institutional Client Service Executive
Ms. Xin Zhou, Portfolio Manager

FINANCIAL INTEGRITY RESOURCES MANAGEMENT

Mr. Philip M. Harris, President & CEO
Ms. Alisha Manekshaw, Sr. Investment Analyst

CAPITAL GROUP/AMERICAN FUNDS

Mr. David Saunders, Client Relationship Manager

STATE TREASURER'S OFFICE

Ms. Megan Schutz, Executive Assistant

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:34 a.m. on January 22, 2024, via Zoom video conferencing link and call-in line provided for that purpose. The publicly available meeting agenda and instructions for registering as a visitor and obtaining the call-in information were posted on the MSRP website at least 48 hours prior to the meeting. A quorum of the Board was present.

I. BOARD CHAIR'S REMARKS AND REVIEW OF BOARD MEETING MINUTES

Board Chair Foster called the meeting to order and welcomed everyone. She noted that the meeting was being recorded.

Upon motion duly made by Mr. Hickey and seconded by Mr. Lewis, the following Board Meeting minutes were unanimously approved, as amended:

Open Session of the Regular Board Meeting held on November 20, 2023

II. PLAN ADMINISTRATOR'S REPORT

Mr. Wrzesien presented the 2024 Strategic Communications Plan (Exhibit B), which highlighted the following:

- Insights and Behavioral Finance
- 2024 Goals, Strategies, and Focus Areas
- Participant Engagement Program
- Online Enrollment & Onboarding
- Improved Digital Experience
- 2024 Initiatives

Mr. Wrzesien introduced Ms. Dunlap, who presented insights into the communications plan developed by Nationwide. Ms. Dunlap shared three noteworthy observations:

- Americans are taking money out of their retirement savings plans at an alarming rate:
 - In 2023, new loans went up by 14% and new hardship withdrawals have increased by 46%.
 - MSRP's hardships and unforeseeable emergencies have increased with every quarter in 2023, although these are still manageable.
- There is a need for professional guidance:
 - 79% of millennials and Gen Z are getting a lot of their financial advice from social

media.

- Women save less than men in retirement accounts and more than 50% of diverse markets are at risk:
 - \$139k = Avg account balance 60+ males
 - \$97k = Avg account balance 60+ females
 - MSRP statistics on this are unknown because demographic identification is not required for enrollment.
 - Hispanics and African Americans, who represent 32% of the State population, are the largest minority groups in Maryland.
- Key insights and implications
 - Volatile market conditions and pressure of inflation dictate participant behavior.
 - Economic instability and fear are driving participant withdrawals.
 - Lack of financial education is a big impediment.
 - Women and members of diverse markets are at risk of saving less because they contribute less.
 - There is an opportunity to educate participants on financial wellness.
 - There is a need to reinforce our expertise to assuage concerns around market volatility.
 - Having targeted campaigns for millennials and women to educate them on the importance of their benefits.
- 2024 Goals, strategies, and focus
 - Grow the plan assets and increase retention
 - continuing to promote PRC and local Reps
 - enhance and personalize digital capabilities
 - provide proactive education and research.
 - Focus areas
 - Participant Engagement Program (PEP)
 - online enrollment and onboarding
 - improved digital experience
 - education and events from MSRP.
- Participant Engagement Program (PEP) aims to drive participant action. It delivers proactive communications to members via email, direct mail, and social media, to meet people where they are.
- 84% of current participants have given their email addresses. The 16% who have opted out of giving their email addresses or wanting to be contacted via email receive direct mail.
 - PEP newsletter launched in June 2023 and the member campaigns launched July 1, 2023
 - 28% unique engagement rate.
 - MSRP online adoption is at 66%.
 - Contribution increases are above the benchmark of large plans.
 - 16% asset driver rate where the participant not only takes an action but a positive step.
- Online enrollment and onboarding
 - The process of enrollment has been streamlined and redesigned with the goal of eliminating paper enrollment.
 - New users enrolling online increased 154% since December 2023
 - Median completion time was reduced by 51%
 - New post enrollment onboarding experience
 - Enhanced engagement and analytics through PEP.

Ms. Dunlap turned the discussion over to Ms. Julie Bertone, who discussed the 2023 education and communication highlights. Ms. Bertone gave an overview of all things digital that MSRP offers its participants to educate them on the Plans and the website. There have been 3,848 unique visitors and 21,380 unique activities, consisting of reviewing MSRP plan highlights, watching

several videos, scheduling appointments, registering for the Saving\$ Symposium, registering for webinars, and completing surveys.

III. INVESTMENT COMMITTEE REPORT

Investment Committee Chair Mr. Lewis highlighted the following:

- The November 6, 2023, Investment Committee meeting minutes were included in the Board packet for informational purposes. There were no questions raised by Board members.
- The Committee met on January 8, 2024, and discussed the highlights of the T. Rowe Price ICP Investment Policy and Guidelines Review.
- The Committee discussed NFP's Statement of Investment Policy Review.
- The Committee voted to recommend to the full Board to adopt the updated ICP Investment Policy and Guidelines.
- The Committee voted to recommend to the full Board to adopt the updated Statement of Investment Policy.

IV. INVESTMENT CONTRACT POOL-STABLE VALUE FUND MANAGER'S REPORT

Mr. Tony Luna presented the T. Rowe Price ("TRP") Investment Contract Pool Investment Policy and Guidelines Review (Exhibit C), noting the following highlights:

- One guideline change – proposal to lower the Average Credit Quality from AA- to A+ due to the U.S. government debt downgrade/negative outlook from the major rating agencies (S & P, Moody's and Fitch).
- The updated language would read – The ICP Manager will manage the overall portfolio with an average credit quality of the equivalent of **A+** or higher for the ICP investments. If the average credit quality of the ICP investments falls below the equivalent of the **A+**, using a generally accepted process for measuring the market value weighted average credit quality deemed appropriate by the ICP Manager, the ICP Manager shall take corrective action to restore such average credit quality to the equivalent of **A+** or better within 60 days.

The rationale is that 40 – 50% of ICP investments are in government-related securities and the wrap providers are lowering credit quality requirements. Following the recommendations of the Investment Committee, upon motion made by Ms. Durbin and seconded by Mr. Lewis, it was unanimously,

RESOLVED, to adopt the recommended changes to the Investment Contract Pool Investment Policy and Guidelines.

V. INVESTMENT ADVISOR'S REPORT

Mr. Brocato discussed the Statement of Investment Policy Review (Exhibit D) highlighting the topics for discussion:

- Investment Policy Statement Review
- White Label Funds
- Proposed Department of Labor (DOL) Fiduciary Rule
- Updated Service Plan
- Q4 2023 Investment Data

Mr. Brocato presented the proposed changes to the Investment Policy Statement:

- Appendix A – Strategy name confirmation
- Investment changes in 2023
 - T. Rowe Price Target Date changes; 3 bps reduction from previous funds
 - Mid Cap Growth II II CIT (Janus Henderson Enterprise; 5 bps reduction from previous funds)
 - Putnam Large Cap Value changes (CIT and Y share); 14 bps reduction from previous fund (CIT savings)

The Board discussed having more common language to make the Appendix A Performance Benchmarks and Peer Groups chart easier to read and understand. NFP suggested removing the share classes and keeping the Strategy name and the Asset Class.

Mr. Brocato discussed White Label Funds (Exhibit D) and highlighted the following:

- Similar to CITs, but often a “funds of funds” approach
- The usual goal is streamlining the investment menu.
 - Equity funds – all equity style boxes combined.
 - Large Cap Fund – instead of 3+ large cap funds.
 - Fixed Income Fund – 2 funds including Core Bond/Actively managed funds.
 - Capital Preservation – *i.e.*, ICP Fund
- Ability to change out underlying managers without notices or blackout periods.
- Underlying funds can be CIT’s or mutual funds.
- Investment scale is needed to justify expense.
- Can also be constructed through model portfolios.

Mr. Brocato noted that this was a discussion/education item, and not an action item.

Mr. Brocato discussed the Department of Labor (DOL) Proposed Fiduciary rule:

- On 10/31/23, the DOL proposed “Retirement Security Rule”, this is their latest attempt to update the definition of a fiduciary. This rule has been in place for 50 years.
- It would replace the longstanding “5 Part Test.”
- Fiduciary status would apply to point-in-time advice.
- It would align with the SEC “Best Interest” rule.
- Would include new Prohibited Transaction Exemptions
- There would be no impact to NFP advisory services.

Following the recommendations of the Investment Committee, upon motion made by Ms. Durbin and seconded by Mr. Lewis, it was unanimously,

RESOLVED, to adopt the proposed changes to the Statement of Investment Policy.

VI. REPORTS OF BOARD STAFF

A. Finance

Ms. Smith presented the Finance Report as of December 31, 2023 (Exhibit E), highlighting the following:

- Actual year-to-date revenue earned was \$995,439 with year-to-date expenditures of \$913,396 resulting in a spending surplus of 82,042.

- The reserve balance increased to \$251,488.
- As of December 31, 2023, the projected spending is aligned with expectations.
- As a result of the asset-based fee increase in December 2023 from 0.0325 to 0.0425 bps the reserve grew \$30k as expected.
- A full financial report will be given in February’s meeting,

B. Member Services

Ms. Toler presented the Member Services 2023 vs 2022 Activity Recap Report (Exhibit F), highlighting the following:

- MSRP held 344 total educational webinars and in-person meetings for 2023, which was 42 more than 2022.
- There was a 24% increase in participation overall.
- There was a 39% increase in the attendance of the Saving\$ Symposium and a 32% increase in New Employee orientations.
- The new schedule for Q1 webinars has been posted to the website.

VII. BOARD SECRETARY’S REPORT

Ms. Bell presented the Board Secretary’s Report (Exhibit G), highlighting the following:

- Ms. Bell celebrated her 3-year anniversary as MSRP Executive Director on January 4th.
- ***Budget Hearings*** – MSRP is set to testify before the Senate Budget and Taxation Committee on February 13, 2024, and before the House Appropriations Committee on February 16, 2024.
- ***2024 Legislative Session*** – The 446th Legislative Session has begun. SB0322, Maryland Teachers and State Employees Supplemental Retirement Plans – Automatic Enrollment, was introduced on January 12, 2024. Senator Michael Jackson is the Sponsor, and the hearing date will be February 8, 2024.
- ***Eddy Award*** – The Member Services team with the assistance of Nationwide has won the Eddy Award. Director of Member Services Tonya Toler will be attending the conference to accept the award on MSRP’s behalf.

VIII. CLOSED SESSION

1. Recorded vote to close the meeting:

Date: January 22, 2024

Time: 10:58 a.m.

Location: Zoom video conferencing link and call-in line provided for that purpose

Motion to close meeting made by: Tom Hickey;

2nd Motion made by: Lynne Durbin

Vote to Close Session:

AYE NAY ABSTAIN ABSENT

T. Eloise Foster, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thomas M. Brandt, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dereck E. Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lynne M. Durbin	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jaclyn Hartman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thomas P. Hickey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John D. Lewis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jonathan R. West	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VACANCY (Participant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Citation of statutory authority to close session (check all that apply): This meeting is being closed under General Provisions Article § 3-305(b), only:

(13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter;

3. Disclosure of the topics to be discussed, for each citation checked above:

§3-305(b)(13): *The Board will review and vote to approve the minutes of the Closed Session Board Meeting of 11/20/2023.*

4. For each topic listed in #2, disclosure of the reason for discussing it in closed session rather than in open session:

§ 3-305(b)(13): *To review and approve the minutes of the Closed Session Board Meeting of 11/20/2023 (GP§ 3-306(c)(3)(ii)).*

5. Persons present in the Closed Session:

Trustees:

Hon. T. Eloise Foster, Board Chair
 Mr. Thomas M. Brandt, Jr.
 Ms. Lynne M. Durbin, Esq.
 Ms. Jaclyn Hartman
 Mr. Thomas P. Hickey
 Mr. John D. Lewis
 Mr. Johnathan R. West

Representatives of MSRP:

Ms. Ronda Butler Bell, Executive Director & Board Secretary
 Ms. Nakeia Smith, Acting Deputy Director & CFO
 Ms. Andrea Hill, Assistant to the Executive Director & Board Secretary

Representative of the Office of the Attorney General:

Ms. Deborah A. Donohue, Assistant Attorney General

6. Actions Taken:

a) On motion by Mr. Hickey, and seconded by Ms. Hartman, the following Board Meeting minutes were unanimously approved:

- Closed Session of the Regular Board Meeting held on November 20, 2023

7. Adjournment of Closed Session and Return to Open Session:

At 11:03 a.m., upon motion by Mr. Hickey and seconded by Ms. Durbin, the Board unanimously approved adjournment of the Closed Session and returning to the Open Session.

IX. OPEN SESSION/ADJOURNMENT

At 11:04 a.m., the Open Session resumed.

Upon motion by Mr. Hickey and seconded by Ms. Durbin, the Board unanimously ratified the action taken during the Closed Session:

a) On motion by Mr. Hickey, and seconded by Ms. Hartman, the following Board Meeting minutes were unanimously approved:

- Closed Session of the Regular Board Meeting held on November 20, 2023

At 11:05 a.m., upon motion by Mr. Lewis and seconded by Ms. Durbin, the Board unanimously approved adjournment of the Open Session by general consensus without objection.