



**BOARD OF TRUSTEES OF THE  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS  
March 18, 2024  
SPECIAL BOARD MEETING MINUTES**

*Maryland  
Teachers & State Employees  
Supplemental Retirement  
Plans*

457 • 401(k) • 403(b) • Match

**BOARD OF TRUSTEES**

Hon. T. Eloise Foster  
*Board Chair*

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

**S T A F F**

Ronda Butler Bell, MPA  
*Executive Director  
& Board Secretary*

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

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

Agency Website:  
msrp.maryland.gov

Plan Administrator:  
1-800-545-4730  
marylanddc.com

**TRUSTEES PRESENT**

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

**REPRESENTATIVES OF MSRP**

Ms. Ronda Butler Bell, Executive Director & Board Secretary  
Ms. Nakeia Smith, Deputy Executive Director & Chief Financial Officer  
Ms. Andrea Hill, Assistant to the Executive Director  
Mr. Ronald Pringle, Member Services Administrator  
Ms. Sharlene Matthews, Operations & Technology Administrator  
Ms. Eula Gautreaux, Accounting Specialist/Internal Auditor  
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

**INVESTMENT ADVISOR - NFP Retirement, Inc.**

Mr. Kyle Olson, Senior Investment Advisor  
Mr. Tyler Brocato, Senior Plan Advisor  
Mr. Matt Dickey, Senior Plan Advisor

**STABLE VALUE FUND MANAGER - T. Rowe Price**

Mr. Antonio Luna, Portfolio Manager and Head of Stable Asset Management Team  
Mr. Chris Dyer, VP, Institutional Business Development Executive

**FINANCIAL INTEGRITY RESOURCES MANAGEMENT**

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

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:33 a.m. on March 18, 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 before the meeting. A quorum of the Board was present.

**1. BOARD CHAIR’S REMARKS**

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

**2. FIDUCIARY TRAINING – RESPONSIBILITIES OF BOARD OF TRUSTEES**

Mr. Brocato introduced NFP Retirement, Inc.’s (NFP) Fiduciary Training - Responsibilities of Board of Trustees. Mr. Brocato started the presentation by briefly explaining what would be covered. He then turned the presentation over to Mr. Dickey and Mr. Harris. The following highlights were discussed:

**Legislative Changes Over the Years**

Employees Retirement Income Security Act of 1974 (ERISA)

- MSRP’s Plans are government plans that are not subject to ERISA.
- A fiduciary is defined as any person with any power of control, management, or disposition over any employee benefit plan's funds or other property.
- ERISA made fiduciaries personally liable for their actions.

Small Business Job Protection Act of 1996 (SBJPA)

- Developed to protect participants' assets.
- Reaction to Orange County, CA financial difficulty
- Fiduciary by Title (Trustee)
  - Defined Contribution Committee
  - Board of Trustees
- Fiduciary by Conduct (discretionary control)
  - Staff/others (included would be NFP, FIRM, TRP, and Nationwide)

Interpretative Bulletin 96-1

- Advice vs. education
- Guidelines for education:
  - Plan information
  - Financial/investment characteristics
  - Asset allocation models
  - Interactive investment materials

Fiduciary duties

- Loyalty
- Prudence
- Diversification
- Administration in accordance with policies

Fiduciary tasks can be delegated, but not fiduciary responsibilities.

2022 Consolidated Appropriations Act, 2023, Division T (SECURE Act 2.0)

- Mandatory changes effective upon legislation passing, 12/29/2022
  - Required minimum distribution – 2023: RMD age increases to 73; 2033 increases to age 75.
  - Qualified birth & adoption distributions (QBADS): QBADS can now be repaid to the participant’s account over three years.
  - Distributions for terminally ill employees: In-service distributions may be made without penalty to employees certified to be terminally ill, & distributions may be repaid. The definition of terminally ill was changed to expected death in 84 months (up from 24 months).
  - Federally declared disaster areas: Distributions may be made to employees affected by federally declared disasters of up to \$22,000. Taxation may be spread over three years. If a loan is taken, the limit increases to \$100,000 or 100% of the vested balance, and repayment is delayed by a year.
- Optional changes effective upon legislation passing:
  - The “First Day of the Month” rule was eliminated.
  - Unforeseeable emergency/hardship withdrawals: Allows plan sponsor to rely on the employee’s self-certification.
  - Employer contributions: plans offering matching or non-elective contributions may allow participants to designate the contribution as Roth.
- Mandatory changes effective 1/1/2024:
  - Catch-up contributions: Participants earning \$145,000 or more in the prior year must treat their catch-up contribution as Roth.
  - Emergency expense withdrawals: Employees may withdraw up to \$1000 per year for emergencies & are required to self-certify. Withdrawals are taxable income unless repaid; repayment is allowed over three years, and no further withdrawals until repaid.
  - Roth distribution rules: Roth assets are excluded from RMD calculations in 403(b) and 457(b) plans.
  - 403(b) hardship rules: 403(b) hardship distributions may be taken from non-elective and matching employer contributions and their respective earnings.
- Optional changes effective 1/1/2024:
  - Student loan payments may be matched: Plan sponsors may provide student loan matching payments.
  - Domestic abuse victim distributions: Plan sponsors may elect to offer distributions to victims of domestic abuse of \$10,000 or 50% of the account balance, whichever is less.

### **Fiduciary Liability**

#### Practical Steps

- Comply with federal/State Laws—Maryland law has fiduciary requirements like ERISA, but they are not subject to ERISA.
- Keep investment policy up to date.
- Performance evaluation procedures: select/monitor/remove
  - Vendors/vendor representatives
  - Investments
- Educate/communicate
- Make consistent decisions.
- Meet minimum ERISA 404 (c) – “safe harbor”- requirements.
  - Offer three or more diverse investment options.

- Vary risk & return characteristics.
- Provide investment decisions discretion.
- Allow periodic investment change.
- Communicate information.
- Monitor investment performance

**Management of Responsibilities**

Liability Protection

- Defense of public employees by the public employer.
- Indemnification of public employees by the public employer.
- Maryland statutes highlight liability/immunity standards for the Board of Trustees
- Potentially no punitive damages.
- Fiduciary liability insurance – MSRP doesn’t need insurance because the State self-insures.
- Organizational options/considerations
- Waiver of recourse – Not paid by plan assets.

Governance Documents

- Investment Policy
  - Investment options
  - Policy standards
  - Evaluative procedures
  - Policy review
- Education Policy
  - Participant education
  - Committee education
  - Fees
  - Communication methods and responsibilities
  - Policy review – review the policy regularly and document it in the minutes.
- Board Education Resources
  - NAGDCA best practices
  - NFP education topics
  - Recordkeeper
  - Other professional organizations – GFOA
  - Mutual Fund Companies
- Participant education format
  - Informational meetings
  - Individual meeting protocols
  - Web-based informational sources
  - Communication standards
  - Communication content – customized based on MSRP needs and what information needed to be sent to the participants.

<b>TRUSTEE</b>	<b>QUESTION/REQUEST</b>
Ms. Durbin	Asked NFP about education policy – is there a standard that can be customized? Mr. Dickey responded that NFP will provide MSRP with a sample.

### 3. GOVERNANCE TRAINING – RESPONSIBILITIES OF BOARD OF TRUSTEES

Ms. Donohue presented the MSRP Board of Trustees/Board Member Obligations and Fiduciary Duties, highlighting the following:

- Terms of Members – 4 years. MSRP Trustees don't have a term limit, so the Trustee can serve as many terms as they wish until a successor is appointed and qualified. The Governor can remove for incompetence, misconduct, or failure to attend at least 50% of meetings during a 12-month period.
- Meetings are held at least quarterly. Trustees can be reimbursed for travel, per Standard State Travel Regulations.
- The duties of the Board are to implement/maintain/administer plans; send progress/status reports to participants. Submit an annual report to the Governor.
- Discussed the Board's (Trustees') roles to select/evaluate/support the Executive Director. Approve high-level organizational goals and policies. Make major decisions. Act as external advocates/diplomats in public policy.
- Discussed management's roles (Executive Director/staff) in running the organization in line with Board directions. Keep the Board educated and informed. Recommend goals/policies supported by background information. Be responsive to requests for additional information.
- The roles of the fiduciaries and the duties described in the Annotated Code of Maryland, State Personnel & Pensions Article, Title 21, Subtitle 2. Fiduciaries are to discharge duties solely in the participants' interest.
- Fiduciary duties can be imposed by contract: *e.g.*, Investment Advisory Services, Banking and Custodial Services, Collective Investment Trust side letter agreements.
- Exclusive benefit – duty of loyalty: A plan maintained by a State shall not be treated as an eligible deferred compensation plan unless all plan assets and income are held in trust for the exclusive benefit of participants and their beneficiaries.
- Duties of care, obedience to governing documents and law. Includes Plan documents, Statement of Investment Policy, Investment Contract Pool Investment Policy and Guidelines, Board of Trustees/Plan enabling legislation, MD Open Meetings Act, MD Public Information Act, MD Ethics Law, MD procurement law, Internal Revenue Code.
- MSRP Trustees are subject to indemnification/immunity provisions – fiduciary who breaches responsibilities/obligations/duties on the fiduciary under State law. The State would indemnify the fiduciary for expenses of action/proceeding if they acted in good faith and in a way the fiduciary believed to be in the best interests of the Plans.
- The State provides insurance for fiduciaries eligible for indemnification.

4. **OPEN SESSION/ADJOURNMENT**

At 10:57 a.m., upon motion by Mr. Brandt and seconded by Ms. Durbin, the Board unanimously approved the adjournment of the Open Session by consensus without objection.