



**BOARD OF TRUSTEES OF THE  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

*Maryland  
Teachers & State Employees  
Supplemental Retirement  
Plans*

**November 20, 2023  
MEETING MINUTES**

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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*

Debra L. Roberts, Ph.D., CPA  
*Deputy Executive Director &  
Chief Financial Officer*

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

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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 (*entered the Zoom at 9:36 a.m.*)  
Ms. Lynne M. Durbin, Esq.  
Ms. Jaclyn Hartman (*left the Zoom at 10:45 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. Debra L. Roberts, Deputy Executive Director & Chief Financial Officer  
Ms. Nakeia Smith, Fiscal Reporting Specialist  
Mr. Ronald Pringle, Member Services Administrator  
Ms. Sharlene Matthews, Operations & Technology 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

**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  
Mr. Dave Myers, Relationship Consultant  
Ms. Mary Campbell, Sr. Retirement Specialist

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

Mr. Kyle Olson, Senior Investment Advisor  
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. Ishwarya Parameshwaran, Analyst

**EXTERNAL AUDITOR - RSM**

Ms. Valerie Colimon, Partner, Public Sector Services

**OFFICE OF THE COMPTROLLER - General Accounting Division**

Mr. Luther Dolcar, Deputy Director, Financial Reporting & Operations  
Ms. Denitsa Myers, Senior Manager, Accounting Systems & Operations

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:32 a.m. on November 20, 2023, 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, wishing all a Happy Thanksgiving. She noted that the meeting was being recorded.

Upon motion duly made by Ms. Durbin, who noted a few typographical corrections to be made, and seconded by Mr. Hickey, the following Board Meeting minutes were unanimously approved, as amended:

- Open Session of the Regular Board Meeting held on August 28, 2023

**II. PLAN ADMINISTRATOR’S REPORT**

Mr. Wrzesien presented the Q3 Plan Administrator’s report in the new reporting format for the period ended September 30, 2023 (Exhibit B), which highlighted the following:

- Current Assets: \$4.87 billion (*\$151,584,238 decrease in plan assets from 2Q 2023*)
- Total Participant Accounts: 61,836
- New Enrollments: 2,894 (*This number was a decrease due to the previous quarter driven by implementation of the 401(a) deferral/contribution match program*)
- Contributions: \$75.3 million (*\$18.9 increase compared to 2Q 2023*)
- Rollovers-In Activity: 164, representing \$10 million (*increase in funding from 153 representing \$6.2 million in 2Q 2023*)
- Distribution Activity: \$82.8 million (*increased from \$80.1 compared to 2Q 2023*)
- Rollovers-Out Activity: 439, representing \$43 million (*increase from 436 rollovers out representing \$36.3 million in 2Q 2023*)
- Loan Activity: 4,051 active loans, representing \$37 million (*decrease from 4,101 representing \$36.3 million in 2Q 2023*)

- Hardships/UE Activity: 379 representing \$878,815

Mr. Wrzesien proceeded with service updates highlighting the following:

- CDBA Balance - \$9,151,376.
  - Note: This amount is dwindling because Empower and Great West CDs have been closed to new business since the 90s.
- Average Participant Balance - \$78,902
- New Enrollments – 2,894
- Participant data
  - Participants with a balance - 61,836
  - Average participant balance - \$78,902
  - Average number of investments – 4
  - Overall Plan Participation rate is 73.27%, out of 84,397 eligible; 61,836 participants
  - Actively deferring participants 35,569, a rate of 42.14%
- 6,564 ProAccount participants are enrolled; \$506,521,823 in assets.
- 11,315 are enrolled in Roth accounts; \$137,030,571 in assets.
- Salary Contributions/Deferrals - \$49,119,019
  - Salary contributions make up 65% of total contributions for the Q.
- Loans
  - 4,051 active loans representing \$36,981,473
  - Loan disbursements (-\$5,172,243), 500 new loans
  - Loan payments \$4,421,752
  - Closed loans – 297
- 39 educational seminars conducted, 482 attendees
- 3,378 participants increased deferrals/contributions; 987 participants decreased deferrals/contributions, while 88 participants suspended them.
- 379 Unforeseeable Emergency Requests
- MBE/WBE Purchasing at 18% YTD, 3% over target.
- Participant Communications
  - Financial Literacy Campaign – new educational campaign including a new website banner directing members to educational links and videos.
- Enablement & Engagement
  - 59% of distributions are done online, saving 3-5 days on the process.
  - 63% adoption of online accounts, with 23,335 accounts online.

Mr. Wrzesien turned the discussion over to Ms. Mary Cambell, who discussed the new communications program Nationwide recently rolled out. The PEP, or Participation Engagement Program, has just started. This program is geared towards supporting participants at each stage of the journey towards retirement.

She also discussed the tools being used to measure the outcomes of participants visiting the website.

- Unique Engagement Rate: 23% - Which sites are being viewed
- Asset Driver Rate: 13% (top plan benchmark = 10%)  
Contribution Increase: 12% (top plan benchmark = 9%)  
Roll-In : 1.0% (top plan benchmark = 1.0%)  
ProAccount: 1% (top plan benchmark = 1%)

Ms. Campbell stated that the results were either exceeding the benchmark or very close to exceeding; however, contribution increases are above the benchmark. Ms. Campbell complimented the MSRP Member Services team for providing the FAQs for the Match Plan. She stated that Nationwide was able to go to the database and use that to nudge those who had stopped contributing so that they would be able to restart deferrals/contributions to receive the match.

### **III. INVESTMENT COMMITTEE REPORT**

Investment Committee Chair Mr. Lewis thanked Ms. Durbin for assuming his duties and acting as Chair for him at the last Committee meeting. Ms. Durbin highlighted the following:

- The August 28, 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 November 6, 2023, and was informed that all of the T. Rowe Price stable value funds have been placed in the T. Rowe Price Building Block Trusts as of August 31, 2023 and that they are outperforming respective benchmarks.
- The Committee discussed NFP's overall holding company, Great Gray, and NFP will provide related policies and procedures, hopefully in Q1 2024. There appears to be enough distance between Great Gray and NFP.
- The Committee discussed White Label Funds and wanted more information regarding what that would entail.
- There are two funds that NFP/FIRM are watching because they are coming close to being on the watch list (TCW Core and American Funds).

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

Mr. Tony Luna presented the T. Rowe Price ("TRP") Stable Asset Overview (Exhibit C), noting the following 3Q 2023 portfolio highlights:

#### ICP Book Value Performance

- The Investment Contract Pool ("ICP") returned 0.72% for 3-months for 3Q 2023, underperforming the 3-month Treasury bill benchmark of 1.38%.
- The ICP is in line with the Morningstar US CIT Stable Value Index of 0.75%.

#### Account Summary

- Portfolio Assets - \$802 million – 1.43% decrease from 2Q 2023. Negative cash flows contributed to the decrease in assets.
- Portfolio Gross Crediting Rate – 2.85%, a decrease of 0.06% from 2Q 2023
- Portfolio Duration – 3.03, a decrease of 0.04 Years from 2Q 2023
- Current Portfolio Yield – 5.76%, an increase of 0.36% from 2Q 2023
- TRP is happy with the highly-rated wrap providers. There has been no change in fees or contract terms.

Mr. Luna noted as of August 31, 2023, the separately-managed T. Rowe Price bonds were transferred into the T. Rowe Price Building Block Trusts. There were no changes in performance to report, and there will be cost savings in the long-run.

### Market Summary

- The Money Market index has not gone above the ICP rate or Morningstar index in over 40 years. The ICP rate should track higher over time.
- Consumer spending remained strong lifting the GDP growth.
- Inflation continues to be persistent.
- Labor market has been resilient, but labor demand and supply have shifted at a gradual pace.
- Treasury yields rose by 0.60%, while equities fell.
- Fitch downgraded U.S. government debt to AA+. Moody's might also downgrade the government to AA+. TRP has done some testing in the portfolios and believes this should not have much impact on the way the ICP portfolio is managed. S&P downgraded in 2011. This debt is still backed by the full faith and credit of the U.S. government, which is the highest rated currency in the world.

### Ms. Zhou presented the Underlying Portfolio Performance Summary

- All underlying managers are outperforming benchmarks.
- T. Rowe Price 1 - 3 yr. Gov/Credit Short Portfolio outperformed its benchmark (0.87% vs 0.73%)
- Xponance 1 - 3 yr. Gov/Credit Short Portfolio outperformed its benchmark (0.79% vs 0.73%)
- Loomis 1 - 5 yr. Gov/Credit Short Portfolio outperformed its benchmark (0.50% vs 0.21%)
- T. Rowe Price Intermediate Gov/Credit Short Portfolio outperformed its benchmark (-0.69% vs -0.83%)
- Payden Intermediate US Aggregate Portfolio underperformed its benchmark (-2.02% vs -1.89%)

Ms. Zhou reported that T. Rowe Price completed due diligence meetings, including fund manager investment focus and operations/legal/compliance/tech/risk management. T. Rowe Price determined that the funds are appropriate for the ICP.

## **V. INVESTMENT ADVISOR'S REPORT**

Mr. Brocato discussed the Service Plan (Exhibit D-1) highlighting and switching the time of the year topics will be discussed:

- Fiduciary Education – March 2024
- Target-Date Fit Analysis – moved to May 2024 from November 2024
  - Thorough analysis of Target-Date plans being offered to participants
- Provider Analysis – moved to November 2024 from May 2024
  - Competitive RFP process to benchmark recordkeeping fees and services provided by Nationwide, the current recordkeeper.

Mr. Brocato presented information on investment menu design (Exhibit D-2) and stated that, if asked, NFP's perspective of a fund menu would basically consist of what MSRP currently offers:

- NFP reviewed the PLANSPONSOR 2022 Defined Contribution Survey of 153 mega-plans (> \$1B), 17 of which are peer plans and 12 of Nationwide's public sector plans (> \$1B)
- Prospective Menu
  - Target-Date funds – with a minimum of 5 vintages.
  - Active US Equity – 4 funds including Large Cap Value/Large Cap Growth and Small Cap Value/Small Cap Growth.
  - Passive/Index Funds – 1 fund giving broad-based US exposure; 1 fund

- giving international exposure; and 1 for bonds.
- Active Fixed Income – 2 funds including Core Bond/Actively managed funds.
- International Equity – 1 fund
- Specialty Funds - None

Mr. Brocato noted that other options include white label funds, real estate/REITs, self-directed brokerage accounts (which MSRP does not wish to offer), and managed accounts. MSRP's 17 funds meet the criteria for efficient menu design.

Mr. Olson reported that NFP hired a new chief compliance officer in June to begin developing the Great Gray/NFP policies and procedures. These should be completed by 1Q 2024.

The transition of funds from Delaware Value to Putnam Large Cap Value Collective Investment Trust for the 401(a), 401(k), 457 and the 403(b) funds to Putnam Large Cap Value mutual fund will occur on December 8, 2023.

NFP conducted fund manager meetings for the T. Rowe Price Small Cap Stock, William Blair Large Cap Growth, and Parnassus Funds.

American Funds is underperforming in the short term; TCW Core Fixed Fund moved to quality/safety. NFP will keep an eye on these two funds.

NFP will continue to provide an overall ranking of the managers and will review benchmarking and investment options compared to other state plans. In-depth discussions will be held during the Investment Committee meetings.

## **VI. AUDIT COMMITTEE**

Audit Committee Chair Mr. Brandt stated that the written report was presented to note the lateness of the annual comprehensive financial report ("ACFR"). The ACFR is anticipated to be submitted to the General Accounting Division of the Office of the Comptroller by November 29, 2023. If there were any questions, he advised that they could be directed to him or Ms. Roberts. Ms. Durbin asked when the report would be completed. Ms. Roberts stated that there is a deadline of November 30, 2023.

## **VII. REPORTS OF BOARD STAFF**

### **A. *Finance***

Ms. Roberts presented the overview of fees (Exhibit F), highlighting the following:

- Updated report showing comparative YTD 2023 and full year 2022 data on investment assets and related fees. Also included is the number of participants who have chosen their respective investment funds, offering insight into those little-used choices.
- Fees for plan participants are adjusted periodically to cover MSRP administrative costs (\$.50 per participant per month/plan and a percentage of assets under management). When market values rise, MSRP may declare "fee holidays" so that the "reserve" balance is not excessive.
- Average assets in 2023 have been rather flat, around \$4.8B, so MSRP fee revenues have remained stagnant. At the end of June 2023, the reserve was \$319K and is now around \$220K.
- The Board reduced the asset-based fees during the 2022 period of market growth, to rebuild the reserve. Ms. Roberts recommended increasing the fee from **\$0.0325** to **\$0.0425** bps effective in December 2023. The higher amount compares to \$190K per month before the

Board decreased it in February 2022. The fee change will increase revenues by \$30K monthly, allowing sufficient revenue to meet currently expected expenses.

Following the recommendations of Ms. Roberts, upon motion made by Mr. Brandt and seconded by Mr. Hickey, it was unanimously,

**RESOLVED**, to increase the asset-based fee from \$0.0325 to \$0.0425 bps effective December 2023.

### ***B. Member Services***

In the absence of the Director of Member Services, Ms. Anne O'Neill presented the November 2023 Member Services Report (Exhibit G), highlighting the following:

- MSRP held the 2023 Virtual Saving\$ Symposium in October and more than 5300 people attended the webinars, which was a 40% increase from last year. It was held over two weeks with webinars 3 times a week, and it ran in conjunction with National Retirement Security month. Investment professionals, estate planning lawyers, and representatives of Nationwide, Department of Budget & Management, Maryland State Retirement Agency, , and the Social Security Administration participated in panel discussions.
- The 4Q webinar schedule is posted on the website, announcing the remaining topics and dates and times. The new MSRP Magazine is posted, with the hard copy coming soon.
- MSRP will participate in upcoming open enrollment fairs.

## **VIII. BOARD SECRETARY'S REPORT**

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

- ***Governor's Legislative Office*** – The Governor's Legislative team has approved MSRP's proposed legislation for private sponsorship instead of as a departmental bill.
- ***Meeting with Employee Union AFSCME and Outreach to Smaller Employee Unions*** – Ms. Bell, Board Chair Foster, Ms. Toler, and Dan Wrzesien met with the President of AFSCME's Council 3, Patrick Moran, and Corporate Governance Analyst John Keenan on September 7, 2023 to discuss the Automatic Enrollment study. As a result of this meeting, NFP was asked to prepare an information sheet to address the questions and comments by Mr. Moran, which was emailed to Mr. Moran September 20, 2023. Mr. Moran responded on September 26, 2023, but did not have any additional questions or comments. Eight smaller unions also received the study; 3 responded (no questions, concerns, or opposition); five were contacted to follow up.
- ***Joint Committee on Pensions*** – Ms. Bell, Ms. Roberts, and Board Chair Foster attended the meeting on October 24, 2023. The Joint Committee on Pensions is a 12-person committee of the General Assembly composed of members from the Senate Budget & Taxation Committee and the House Appropriations Committee. The meeting went well and included an overview of MSRP, the Automatic Enrollment Study, and the proposed legislation for 2024.
- ***NAGDCA 2023 Annual Conference October 9-11*** – The conference was held in Seattle, Washington. Trustee John West and Director of Member Services Tonya Toler attended with Ms. Bell. The conference was informative and well done. Ms. Toler and Ms. Mary Campbell of Nationwide served on a panel discussion of the methodologies to create the

very successful, award-winning “How Much? How Long?” MSRP educational campaign.

**IX. CLOSED SESSION**

**1. Recorded vote to close the meeting:**

Date: November 20, 2023  
Time: 11:48 a.m.

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

Motion to close meeting made by: Lynne Durbin;  
2<sup>nd</sup> Motion made by: Thomas Brandt

Vote to Close Session:

|                         | AYE | NAY | ABSTAIN | ABSENT |
|-------------------------|-----|-----|---------|--------|
| T. Eloise Foster, Chair | [X] | [ ] | [ ]     | [ ]    |
| Thomas M. Brandt, Jr.   | [X] | [ ] | [ ]     | [ ]    |
| Dereck E. Davis         | [X] | [ ] | [ ]     | [ ]    |
| Lynne M. Durbin         | [X] | [ ] | [ ]     | [ ]    |
| Jaclyn Hartman          | [ ] | [ ] | [ ]     | [X]    |
| Thomas P. Hickey        | [X] | [ ] | [ ]     | [ ]    |
| John D. Lewis           | [X] | [ ] | [ ]     | [ ]    |
| Jonathan R. West        | [X] | [ ] | [ ]     | [ ]    |
| VACANCY (Participant)   | [ ] | [ ] | [ ]     | [ ]    |

**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:**

X (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 08/28/2023.*

**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 08/28/2023 (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.  
Hon. Dereck E. Davis  
Ms. Lynne M. Durbin, Esq.  
Mr. Thomas P. Hickey  
Mr. John D. Lewis  
Mr. Johnathan R. West

**Representatives of MSRP:**

Ms. Ronda Butler Bell, Executive Director & Board Secretary  
Ms. Debra L. Roberts, Deputy Executive Director & Chief Financial Officer (*via phone*)  
Ms. Nakeia Smith, Fiscal Reporting Specialist

**Representative of the Office of the Attorney General:**

Ms. Deborah A. Donohue, Assistant Attorney General

**6. Actions Taken:**

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

- Closed Session of the Regular Board Meeting held on August 28, 2023

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

At 11:54 a.m., upon motion by Ms. Durbin and seconded by Mr. Brandt, the Board unanimously approved adjournment of the Closed Session and returning to the Open Session.

**X. OPEN SESSION/ADJOURNMENT**

At 11:56 a.m., the Open Session resumed.

At 11:56 a.m., upon motion by Ms. Durbin and seconded by Treasurer Davis, the Board unanimously approved adjournment of the Open Session by general consensus without objection.