



Maryland  
Teachers & State Employees  
Supplemental Retirement  
Plans

457 • 401(k) • 403(b) • Match

BOARD OF TRUSTEES

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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  
February 20, 2024  
MEETING MINUTES**

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**TRUSTEES PRESENT**

Hon. T. Eloise Foster, Board Chair  
Mr. Thomas M. Brandt, Jr.  
Ms. Jaclyn Hartman (entered Zoom at 9:51 am)  
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  
Ms. Tonya Toler, Director of Member Services  
Mr. Ronald Pringle, Member Services Administrator  
Ms. Sharlene Matthews, Operations & Technology Administrator  
Ms. Camella Davenport, Member Services Administrative Assistant  
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, Principal Counsel

**GUESTS**

**PLAN ADMINISTRATOR - Nationwide Retirement Solutions**

Mr. Daniel Wrzesien, Executive Program Director  
Ms. Brenda Anderson, AVP, Custom Large Plans  
Ms. Monica Ginn, Technical Director, Product Development

**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. Alisha Manekshaw, Sr. Investment Analyst

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:32 a.m. on February 20, 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 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. West, the following Board Meeting minutes were unanimously approved:

Open Session of the Regular Board Meeting held on January 22, 2024

**2. PLAN ADMINISTRATOR’S REPORT**

Mr. Wrzesien presented the Q4 2023 Plan Administrator’s Report (Exhibit B), which highlighted the following:

- Q4 Ending Balance: \$5,284,403,677
- Asset Balance: \$5,282,330,690
- New Enrollments: 1,868
- CDBA Balance: 2,072,987 (Qtr. change of: -\$214,875)
- Median Participant Balance: \$23,570
- Roth Usage: 9,843 participants, \$156,758,142 assets
- ProAccount usage: 6,753 participants, \$564,992,513, assets
- Participation Rates: **Overall Plan 71.07%; Actively Deferring 40.89%; Balance & No Deferrals 30.18%** (primarily retirees)

Mr. Wrzesien noted that calls were being answered within 5 seconds or less, and the average call length is 6 minutes/14 seconds. He also reported that Nationwide assisted in the fund changes to eliminate the Delaware Large Cap Value Fund (457, 401(k), 403(b), 401(a) Plans), add Large Cap Value II Collective Fund (457, 401(k), 401(a) Plans), and add Putnam Large Value Y Fund (403(b) Plan).

Mr. Wrzesien presented the 2023 Annual Report. Total plan balance year-over-year (YOY) increased 8%. Participant balance YOY increased 14%. Participants with a balance increased YOY 3%. The 2023 quarterly average of contributing participants is 56%. Loans were consistent YOY. 70% of participants choose their own investments; 19% invest in target date funds, and 10.6% use the managed account option.

Mr. Wrzesien introduced Ms. Ginn, who presented insights into the process to implement government provisions, which continued into 2024 with mandatory and optional provisions for SECURE 2.0 (Exhibit B-2):

- Required Provisions implemented in 2023:
  - RMD required beginning age changed from 72 to 73.
  - Extend early withdrawal penalty exemption for public safety officers with 25 years of service.
  - Exemption from early withdrawal penalty for certain state and local government corrections employees.
  - First day of the month requirement.
  - Repayment of qualified birth or adoption distribution limited to 3 years.
  - Roth RMD.
  - RMD excise tax penalty reduced from 50% to 25%
- Required provisions in 2024
  - Higher catch-up limits to be effective 1/1/2025
  - Emergency withdrawal of \$1,000 per year
- Optional provisions that may be adopted in 2023/2024:
  - The Board will vote on whether and when to open these options to participants.
  - Hardship and unforeseeable emergency self-certification – up to \$1000 per year.
  - Eliminate first day of the month rule for 457(b) plans.
  - Qualified federally declared disasters, distributions, and loans – (natural disasters up to \$20,000 and domestic abuse up to \$10,000).
  - Employer matching contributions as Roth.
  - Distributions from governmental plans for health and long-term care insurance paid directly to participants.
  - \$5000 for adoption with the ability to pay back in 3 years.

TRUSTEE	QUESTION/REQUEST
Mr. Brandt	<p>Asked for Nationwide to include more trend data, a recap of fees and expenses with trend data, and a format to reconcile the quarter ending balance and asset balance.</p> <p>Mr. Wrzesien responded that this will be done and may just require an additional slide to add that information to Nationwide’s report.</p>
Mr. Hickey	<p>Requested that Nationwide track rollouts/rollovers to facilitate educating participants about the benefits of staying with the Plans. Also asked if Nationwide can provide the Board with data on the number of participants that have been successfully retained after being educated on why staying in the Plans is better than rolling out/over.</p> <p>Mr. Wrzesien responded that they have retention rate information, and that it can be included in the reports in a more robust format, going forward. He also stated that participants are educated on the fact that MSRP’s fees/expenses are less than other plans they would potentially rollout to.</p>

TRUSTEE	QUESTION/REQUEST
Board Chair Foster	<p>Asked Nationwide to provide information regarding whether participants only contributed to get the Match.</p> <p>Mr. Wrzesien stated that there is a report that he can have run and he will bring that information back to the Board at a later time.</p>
Ms. Hartman	<p>Requested that Nationwide develop a one-page summary of shifts to new rules.</p> <p>Mr. Wrzesien stated that Nationwide can do a better job of getting the information out. He noted that they will produce a Secure Act 2.0 information sheet. Ms. Anderson stated that they will also be incorporating this information in their webinars and seminars as they are rolled out.</p>

**3. INVESTMENT COMMITTEE REPORT**

Investment Committee Chair Mr. Lewis highlighted the following:

- The January 8, 2024, Investment Committee meeting minutes were included in the Board packet for informational purposes. Board members raised no questions.
- The Committee met on February 5, 2024, and discussed the highlights of the T. Rowe Price Q4 2023 review.
- The Committee discussed NFP’s Q4 2023 review.
- Currently, all MSRP managers outperform the benchmarks.
- There was a very significant discussion regarding the Euro Pacific Growth Fund.

**4. INVESTMENT CONTRACT POOL-STABLE VALUE FUND MANAGER’S REPORT**

Mr. Luna presented the T. Rowe Price (“TRP”) Q4/Year-End Review for the ICP (Exhibit C), noting the following highlights:

Total Return Performance	One Month	Two Months	Three Months	One Year	Since Jan 2022
ICP (Net of all fees)	0.24%	0.48%	0.72%	2.67%	2.25%

- Ended the year at crediting rate of 2.87. It is currently 3.0. The ICP is more comparable to the Morningstar US CIT Stable Value Index.
- The Fed has increased interest rates by 500 bps – the crediting rate tracks more slowly with increased interest rates.
- TRP didn’t change their wrap providers or allocations.
- The most significant change was moving the TRP investments to Building Block Trusts.
- There was a 30% reduction in custody fees.
- There wasn’t any significant change in allocations last year, but TRP may extend durations.
- Access to core Building Block Trusts gives more duration, a benefit of last

- year's move.
- There was an uptick in withdrawals because of inflation.
- Strong Q4 performance propelled positive results for U.S. fixed income after two consecutive years of negative returns.
- Inflation continues to trend downward, with the consumer price index falling by about half from a year ago.
- The labor market, while cooling, stays solid with a 3.7% unemployment rate.
- Government credit was downgraded but is still a quality investment.

Ms. Zhou discussed the underlying short portfolio performance summary, stating that Q4 was a “feel-good quarter” and showed a pretty solid performance. Q4 did very well after 2 years of negative returns. Very positive momentum. 2024 proved to be a transition year of volatility and uncertainty. T. Rowe Price, Payden, and Loomis exceeded their benchmark; Xponance was flat.

## 5. **INVESTMENT ADVISOR’S REPORT**

Mr. Brocato discussed the Fiduciary Investment Review Q4 2023 (Exhibit D), highlighting the topics for discussion:

- NFP acquired by Aon.
  - Agreed on 12/20/2023.
  - NFP will be independent and operate as an Aon company.
  - NFP’s leadership and processes will remain in place.
  - This agreement is subject to regulatory approval.
- Putnam Large Cap Value Change effective 12/08/2023.
- Passive Funds Due Diligence Meetings in 2024
  - Fidelity – February 2024
  - Vanguard – March
  - State Street – TBD
  - Active funds were done in 2023.
- Index funds pricing due diligence
  - Verifying if any discounts or cheaper share classes are available.
- Managed Accounts Due Diligence
  - Provided to participants through “Nationwide ProAccount.”
  - As of 9/30/23 6,564 participants are enrolled with \$506,521,823, 10% of total plan assets.
  - NIA 3(38) & Wilshire is the Independent Financial Expert (IFE)
  - Other managed account service providers include Financial Engines, Morningstar, Fidelity Investments, Guided Choice, Stadion, and Flexible Plan Investments

Mr. Olson presented the Q4 2023 Market Review:

- US Equity rose 12.1% (Russell 3000), with large-cap tech stocks leading. For the year, large-cap growth outperformed large-cap value by over 3100 basis points (42.7% vs 11.5%)
- The broad US fixed-income market was also up, returning 6.8% (Bloomberg Barclays Aggregate) over the quarter.
- While the Fed is likely finished raising rates, there is no indication of a rate cut, which market participants anticipate in 2024. This depends on the inflationary outlook and health of the economy, which the Fed has been closely monitoring.
- The US labor market remained tight during the quarter, with employment at 3.7% in

- December.
- The best-performing sector, in fixed income, for the quarter was Corporate Investment Grade, returning a positive 8.5%.
  - The worst-performing sector was cash, returning a positive 1.4%.
  - The Magnificent Seven (Apple, Amazon, Alphabet, Microsoft, Meta, NVIDIA, and Tesla) were responsible for the lion’s share of the US equity market’s performance in 2023 but are not being carved out into their own category. Allocations to underlying funds can be clouded by managed accounts. There can be a difference between who selects individual funds vs. who selects funds in managed accounts.
  - American Funds Europacific Growth R6 – in 7 out of 10 retirement plans. Has performed more like a core category than growth, so there is category mismatch with Morningstar. NFP will search for alternatives that more closely align with the international growth category.

<b>TRUSTEE</b>	<b>QUESTION/REQUEST</b>
Mr. Brandt	<p>Are you seeing any movement to disconnect the Magnificent 7 as a category of equities and to educate investors about the significance of the percentage of large cap equities?</p> <p>Mr. Olson stated that he had not heard of it being specifically carved out. He noted that there has been discussion of looking at large cap growth where the Magnificent 7 names are more prevalent, as well as doing away with active management and just moving to index.</p>

**6. AUDIT COMMITTEE REPORT**

Audit Committee Chair Mr. Brandt highlighted the following:

- The Audit Committee met on February 7, 2024. The meeting minutes were included in the Board packet for informational purposes.
- The purpose of the meeting was to have a discussion regarding:
  - the recent changes in the agency’s finance staff;
  - whether there are any implications related to the delayed delivery of the ACFR prepared for the most recently audited fiscal year; and
  - the internal controls the agency has in place.
- The Committee engaged in a substantive, in-depth discussion with the Executive Director and Acting Deputy Executive Director & Chief Financial Officer.

Board Chair Foster suggested that the Trustees review the Audit Committee minutes and pay special attention to the details in the section on internal controls, so the Board would be aware of the steps the agency is taking to ensure that MSRP has great internal controls in place.

**7. REPORTS OF BOARD STAFF**

**A. *Finance***

Ms. Smith presented the Finance Report (Exhibit E), highlighting the following:

- Actual year-to-date revenue earned as of January 31, 2024, was \$1,207,693 with year-to-date expenditures of \$1,157,602 resulting in a spending surplus of \$50,091.
- The reserve balance decreased to \$219,536, which is below the 25% target.
- As of January 31, 2024, the projected spending is aligned with expectations.
- In December 2023, the Board voted to increase the asset-based fee from 0.0325 to 0.0425 bps. The Finance team will continue to monitor the reserve balance.

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

Ms. Toler presented the Member Services 2024 Staff Report (Exhibit F), highlighting the following:

- 2023 webinar survey responses gave the team great reviews. 58.3% viewed the webinars as Excellent; 37.8% said they were Very Good (totaling 96.1% of responses).
- The spring 2024 Pre-Retirement Planning events will be both in-person and webinars. All in-person events (except one) are scheduled from 2:15 p.m. to 3:15 p.m.
- The webinars will be scheduled from 2:00 p.m. to 3:00 p.m. The schedules will be posted on the website and sent via email.
- In recognition of Financial Literacy Month, MSRP initiated “Maryland State Employees Save Week” in April 2022. Last year’s virtual event was a success by attracting 4,020 total viewers, an increase of 816 viewers from 2022. The Member Services team will host the virtual event again in 2024. This year, one guest speaker will be included each week for a 45-minute webinar on the most requested topics: healthcare benefits, pension benefits, credit/debt, and Social Security. Invited presenters include the Department of Budget and Management, the Social Security Administration, the Maryland State Retirement Agency, and Nationwide.

## **8. BOARD SECRETARY’S REPORT**

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

- ***Due Diligence Meeting*** - Ms. Bell and Ms. Smith participated in a passive manager due diligence meeting with the portfolio manager of the Fidelity 500 Index fund. Phil Harris and the FIRM team facilitated the meeting. The presentation noted that Fidelity offers competitive pricing, and the lineup provides participants with all core asset classes and specialty index investments.
- ***Bill Hearing – Senate Bill 322 (Automatic Enrollment)*** – Ms. Bell, Ms. Smith, and Treasurer Davis appeared before the Senate Pensions Subcommittee to provide testimony in support of Senate Bill 322 – Maryland Teachers & State Employees Supplemental Retirement Plans – Automatic Enrollment. The Senior Director of Advocacy for AARP, Tammy Bresnahan, also provided written and oral testimony supporting this critical legislation. AFSCME testified in opposition. The Board will be kept apprised of the bill’s progress.
- ***Annual Budget Hearings*** – On February 13, 2024, Ms. Bell and Ms. Smith appeared before the Senate Budget and Taxation Committee and appeared before the House Appropriations Committee on February 16, 2024. The Principal Policy Analyst’s budget analysis concurred with the Governor’s

approved allowance for FY 2025.

- **House Bill 289 (Cross filed as Senate Bill 375) (Prohibited State Contract Provisions)** – This bill has been introduced to streamline the process and eliminate the need for Assistant Attorneys General to communicate with the lawyers of State vendors regarding what provisions the State can and cannot accept and how the State does business. It is intended to codify in one place the many provisions that control State procurement laws and practices. The Board will be updated with the progress of the bill.

Mr. Hickey stated that the attorneys for the University of Maryland were very instrumental in this legislation.

TRUSTEE	QUESTION/REQUEST
Ms. Hartman	<p>Was there the same opposition to SB322 this year?</p> <p>Ms. Bell stated that the same organization that testified in opposition last year (employee union AFSCME) testified in opposition this year. She reported that she has provided the Committee with a written rebuttal to all of the statements made in the testimony provided by the representative of AFSCME.</p>

**9. CLOSED SESSION**

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

Date: February 20, 2024  
 Time: 11:09 a.m.

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

Motion to close meeting made by: Tom Hickey  
 2<sup>nd</sup> Motion made by: Tom 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]
Jaelyn Hartman	[X]	[ ]	[ ]	[ ]
Thomas P. Hickey	[X]	[ ]	[ ]	[ ]
John D. Lewis	[X]	[ ]	[ ]	[ ]
Jonathan R. West	[X]	[ ]	[ ]	[ ]
VACANCY (Participant)	[ ]	[ ]	[ ]	[ ]



**2. Citation of statutory authority to close the 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 1/22/2024.*

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

§ 3-305(b)(13): *To review and approve the minutes of the Closed Session Board Meeting of 1/22/2024 (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. 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 Ms. Hartman and seconded by Mr. West, the following Board Meeting minutes were unanimously approved:

- Closed Session of the Regular Board Meeting held on January 22, 2024

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

At 11:13 a.m., upon motion by Mr. Hickey and seconded by Mr. Lewis, the Board unanimously approved the adjournment of the Closed Session and returning to the Open Session.

**10. OPEN SESSION/ADJOURNMENT**

At 11:14 a.m., the Open Session resumed.

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

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

- Closed Session of the Regular Board Meeting held on January 22, 2024

At 11:15 a.m., upon motion by Mr. Hickey and seconded by Mr. Lewis, the Board unanimously approved the adjournment of the Open Session by general consensus without objection.