



Maryland
Teachers & State Employees
Supplemental Retirement
Plans

457 • 401(k) • 403(b) • Match

BOARD OF TRUSTEES

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

**August 19, 2024
MEETING MINUTES**

TRUSTEES PRESENT

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 C. Smith, Deputy Executive Director & Chief Financial Officer
Ms. Andrea L. Hill, Assistant to the Executive Director
Ms. Tonya M. Toler, Director of Member Services
Mr. Ronald Pringle, Member Services Administrator
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, Principal Counsel

GUESTS

PLAN ADMINISTRATOR - Nationwide Retirement Solutions

Mr. Daniel Wrzesien, Executive Program Director
Ms. Brenda Anderson, AVP, Custom Large Plans
Mr. Eric Stevenson, President, Retirement Solutions

INVESTMENT ADVISORS – NFP Retirement, Inc.

Mr. Tyler Brocato, Senior Plan Advisor
Mr. Kyle Olson, 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

VISITORS

David Saunders II, Client Relationship Manager, Capital Group

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:30 a.m. on August 19, 2024 at MSRP headquarters located at 6 St. Paul Street, Suite 200, Baltimore, Maryland. A call-in line was provided for remote meeting attendees. 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. Brandt, the following Board Meeting minutes were unanimously approved:

Open Session of the Regular Board Meeting held on May 20, 2024

II. PLAN ADMINISTRATOR’S REPORT

Mr. Wrzesien acknowledged that he was joined by Eric Stevenson, President of Retirement Solutions and Brenda Anderson, Associate VP of Retirement Solutions. Mr. Wrzesien presented the Q2 Plan Administrator’s report for the period ended June 30, 2024 (Exhibit B), which highlighted the following:

Current Assets	\$5.66 billion (0.04% increase from Q1 2024)
Total Participant Accounts	62,958 (367 new enrollments)
New Enrollments	2,513 (78 new since Q1 2024) 69% of new enrollments are done online
Contributions	\$60.4 million (\$10.78 million decrease compared to Q1 2024) fewer number of paychecks during Q2
Rollovers-In Activity	\$8.4 million (\$239,459 increase from Q1 2024)
Distribution Activity	(\$98.8 million) (decreased by \$2.9 million compared to Q1 2024) 56% of distributions are done online
Rollovers-Out Activity	\$54.6 million (increased by \$3.8 million compared to Q1 2024)
Loan Payments	\$4.3 million active balance (\$137,373 decrease from Q1 2024)
Hardships/UE Activity	349 (increase of 94 from Q1 2024)
CDBA Balance	\$2.0 million (decreased \$38k from Q1 2024) Note: Closed to new enrollments; not a current Plan option.

Mr. Wrzesien stated that there was an uptick in group educational meetings that Nationwide presented in addition to the ones that they collaborated on with the MSRP Member Services team. As a result, 69% of new enrollments have been completed online, as well as 56% of distributions, cutting down on the wait time for participants to receive their funds. There is a new pilot project, My Interactive Retirement

PlannerSM, for MSRP participants that will allow them to see their progress in saving for retirement.

Mr. Stevenson discussed Nationwide + MSRP Growing better together...48 years and counting, (Exhibit B-1). Mr. Stevens discussed the past and current accomplishments of the collaboration between Nationwide and MSRP. He also discussed the direction Nationwide would like in serving MSRP. (Exhibit B-2).

Mr. Wrzesien discussed the recommendation of participants having the ability to self-certify unforeseeable emergency or financial hardship to access their funds before becoming eligible for distribution (Exhibit B-3). Mr. Wrzesien stated that the SECURE 2.0 Act allows employees, under certain circumstances, to self-certify that they have an unforeseeable emergency or financial hardship. It will conform the hardship withdrawal rules for 403(b) plans to 401(k) plans. Mr. Wrzesien suggested that, while looking at other plans across the United States of comparable size, participants are limited to self-certify two times per year and must attest that the certification is true and accurate. Ms. Bell requested that Nationwide come back with additional information and a recommendation for discussion at the November Board meeting.

TRUSTEE	QUESTION/REQUEST
Mr. Lewis	<p>Asked Nationwide about employee proficiency in financial literacy and requested the questions from the financial literacy quiz.</p> <p>Mr. Wrzesien replied that he supplied Ms. Bell with a financial literacy quiz that she emailed to the Board. This is an example of the information that is sent to participants.</p>
Ms. Hartman	<p>Requested that Nationwide provide data on the number of online accounts.</p> <p>Mr. Wrzesien responded that 72% or 45,330 participants have online accounts.</p>
Mr. Brandt	<p>Would like Nationwide to show demographic data with in-person and online interactions and information.</p> <p>Ms. Anderson responded that concepts are worked into sharable content in short information snippets, available on demand.</p>
Board Chair Foster	<p>If calls are being answered so quickly, why is the abandonment rate so high?</p> <p>Mr. Wrzesien stated that there a few reasons for this - callers may hang up while information is being researched, callers may have another call that they have to take, or the call can be registered as dropped while callers are transferred to another department.</p> <p>Mr. Stevenson stated that even though one is too many, this rate is actually less than 1% of the calls (.009%).</p>
Mr. Brandt	<p>Requested that Nationwide report 3 years of trend data to show year-to-date vs prior-year-to-date instead of the data just compared to the previous quarter.</p>

TRUSTEE	QUESTION/REQUEST
Board Chair Foster	<p>Do we think that our participants are currently receiving two hardship distributions per year? How did you come up with the limit of two per year? How has it been working for Ohio and Kentucky?</p> <p>Ms. Anderson stated that it's been a good round number to use for getting the access but not abusing it. Ohio and Kentucky have offered it for multiple years, before SECURE 2.0. Ohio has had a very even experience, with a spike in the beginning but evening out. Kentucky has been very manageable with the guidelines.</p>
Mr. Brandt	<p>Are there any other lessons, other than being manageable, for the rules of access to these retirement plans?</p> <p>Ms. Anderson stated that the bottom line is that you are providing a better experience for members in dire circumstances.</p>
Mr. West	<p>How much of an increase in requests for hardship withdrawals are expected?</p> <p>Ms. Anderson estimated about 5%.</p>
Mr. Hickey	<p>Will there be counseling to members about other ways than hardship withdrawals to access funds? For example, loans? If there is a true hardship, will members be informed?</p> <p>Mr. Wrzesien noted that if self-certification is approved, there will be a new process developed.</p>
Mr. Lewis	<p>When a member wants to make a hardship withdrawal how difficult is it?</p> <p>Mr. Wrzesien stated that it is mildly difficult, and that members are informed of the consequences.</p> <p>Ms. Anderson added that the number one reason for hardship withdrawals is foreclosure/eviction, followed by utility shutoffs.</p>
Mr. Hickey	<p>Can we do it with a percentage instead of using a dollar amount so that members do not wipe out their account?</p> <p>Mr. Wrzesien stated that it can be set up the way the Board decides is the best way to offer it.</p>

III. INVESTMENT COMMITTEE REPORT

Investment Committee Chair Mr. Lewis reported the following:

- The Investment Committee met on August 5, 2024.
- The May 6, 2024, Investment Committee meeting minutes were included in the Board packet for informational purposes. There were no questions raised by Trustees.
- NFP reviewed the investment portfolio performance of MSRP's investment options. The Committee reviewed and confirmed that TCW Core Fixed Income should remain on the watchlist.
- The American Funds EuroPacific Growth Fund was also confirmed to stay on the watchlist with clarification of the benchmark.
- Due diligence on managed accounts was presented.
- Further information will be presented by T. Rowe Price and NFP.

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

Mr. Tony Luna presented the T. Rowe Price (“TRP”) Investment Contract Pool’s (“ICP”) Q2 2024 Review (Exhibit C), noting the following highlights:

- Money market funds are still outperforming stable value funds.
- ICP crediting rate tracked upward at 3.29 at the end of Q2; in July, closer to 3.35.
- 2022 was a bad year for equities and stable value was a safe harbor.
- 2023 was a very good year for equities, so investors shifted to higher return investments
- When equity markets are volatile, money comes into stable value, but when equity markets do well, stable value money is taken out.
- Overall ICP performance is very good, increasing at a rate between 15-20 basis points over Q2.
- Volatility is picking up and will continue to over Q3 and Q4, mostly in response to Federal Reserve (Fed) decisions and the fall presidential election.

Mr. Luna noted that the ICP outperforms other stable value portfolios. For the first time in months, there was no decrease in the value of the portfolio. Durations are a bit longer to leverage the current rates before the Fed cuts rates again. The delta between money markets and stable value will begin to collapse quickly. Stable value rates will increase as money market rates decrease.

TRUSTEE	QUESTION/REQUEST
Mr. West	<p>What happens if there was a breakdown on jobs - how would that effect the ICP?</p> <p>Mr. Luna stated that if jobs were to go negative, there may be a hard landing and recession. This would be good for the ICP as money market rates collapse and investors move to safety.</p>

Ms. Zhou discussed the Underlying Portfolio Performance highlighting the following:

- Short portfolios are on target, outperforming by 10 – 15 basis points in Q2.
- Intermediate and core portfolios outperformed by 6 – 23 basis points in Q2.
- Managers are pretty sure that the Fed will cut the rate in September, but not sure how much.
- Jobs are at pre-COVID levels, but there is some softening.
- Most managers do not foresee recession, except for Xponance.

V. INVESTMENT ADVISOR’S REPORT

Mr. Brocato reminded the Board that this would be Kyle Olson’s last meeting working with MSRP, but that he will still be part of NFP. He also stated that Mr. Brian Perkins, who has met the Investment Committee, will be joining the team supporting MSRP. Mr. Olson presented NFP’s Q2 2024 Investment Review (Exhibit D), which highlighted the following topics for discussion:

- U.S. Equities rose 3.2%, with large cap tech stocks leading the way.
- Large growth stocks continued to out-pace large value stocks over Q2 and are ahead by over 1,400 basis points year-to-date.
- International equities rose to a lesser extent over the quarter, posing a 1.0% gain.
- The broad U.S. fixed income market was flat, returning 0.1% over Q2.
- The Fed held rates steady over Q2 as inflation readings throughout the economy continued to persist. Expectations for rate cuts later in the year were steadily scaled back over Q2, introducing volatility at the longer end of the curve.

- U.S. labor market remained tight during Q2 though unemployment rose slightly 4.1%

Mr. Olson stated that there was a lot of volatility over the last few weeks due to the assassination attempt and CrowdStrike outage, but the market ended up positive. It’s been a very calm year, so when something happened it made the headlines. In anticipation of the Fed cuts, fixed income rose 3%. International markets are up 8%.

Mr. Brocato stated that there are two investments on the watchlist: American Funds Europacific Growth R6 (against the growth benchmark; fund acting more like core) and TCW Core Fixed Income I (turnover in management leadership). NFP conducted fee due diligence on managed accounts to determine whether Nationwide’s fees are competitive. Federal legislation has been introduced to offer CITs in 403(b) plans. Once CITs are available, the cost savings to the 403(b) participants will be between 25% - 40%. NFP will make recommendations when the legislation passes.

Mr. Brocato noted that NFP is reaching out to Empower regarding the certificates of deposit (CDs) that are closed to new investors but are still held by a small number of participants. The hope is to consolidate the CDs. NFP is always looking for the best investments in each class. There may be a lower cost version, but it may not be the best investment. The criteria include both cost savings and performance.

TRUSTEE	QUESTION/REQUEST
Board Chair Foster	<p>When will attaching the 403(b) CIT authorization to a must-pass bill happen?</p> <p>Mr. Brocato stated that there is bipartisan support, but retirement is not at the top of minds – there will need to be another bill to attach this to.</p>

VI. REPORTS OF BOARD STAFF

A. *Finance*

Ms. Smith presented the Finance Report as of June 30, 2024 (Exhibit E), highlighting the following:

- Actual year-to-date revenue earned was \$2,337,496 with year-to-date expenditures of \$2,278,702 resulting in a spending surplus of \$58,794.
- The reserve balance decreased to \$196,173 at the close of the fiscal year.
- As of June 30, 2024, the projected spending is aligned with expectations.
- The cash reserve balance at the end of FY 2024 is within the 25% goal - a fee holiday is not recommended.
- The Finance team will continue to monitor the impacts on the reserve balance to determine whether a fee holiday is appropriate.

Ms. Smith gave an update on the State match contributions for higher education student loan payments. For FY 2024 approximately 20 forms were received, but only 4 were approved. When the bill was enacted, a majority of employees were not eligible for the higher education student loan match because they had already received State match contributions for their payroll deferrals, and employees can’t receive both. Ms. Smith thanked Mr. Wrzesien and the Nationwide team for helping to create the process for employees to apply for those match contributions. Ms. Smith stated that 5 – 6 applications have been received for FY 2025. The applications can’t be processed until after employees have submitted documentation of their higher education student loan payments.

TRUSTEE	QUESTION/REQUEST
Mr. Brandt	Where does MSRP currently stand on its compliance obligations for the most recent fiscal year? Do we have a draft of the annual report, and what is the timeline for the report to be completed. Ms. Smith stated that MSRP is on track for the October deadline for financial statements to the General Accounting Division of the Comptroller’s Office.
Board Chair Foster	Asked if there were only 4 individuals have submitted forms for the higher education student loan payment match? Ms. Smith stated that only 4 have applied because most are already receiving the match.

B. Member Services

Ms. Toler presented the Member Services August 2024 Report (Exhibit F). Ms. Toler stated that April is recognized as Financial Literacy Month and MSRP’s campaign is Maryland State Employees Savings Awareness month. In the past there was video-only informational content, but this year the team added webinars. There were about 4,850 webinar attendees. Guest presenters included DBM, State Retirement, and Social Security.

Because the team changed presentation platforms, the team was unable to obtain the data of persons who viewed the webinars; the team is working proactively to be able to obtain that information next year. Ms. Toler thanked Dan and his team for collaborating with her to come up with the idea of producing the online enrollment tutorials. Because of these tutorials, there was an overwhelming surge of enrollments – 27.7%. Participants are hungry for the information.

Ms. Toler stated that this years Saving\$ Symposium will be entitled “Plan Today for a Better Tomorrow....Your Future Self Will Thank You!” This will be the main event for this year with internal and external partners who will produce 45-minute webinars, with 24 different presentations and the opportunity for participants to win door prizes.

TRUSTEE	QUESTION/REQUEST
Mr. Brandt	Did State Retirement incorporate our team? Ms. Toler stated that MSRP incorporated State Retirement and DBM into the group of webinars.

VII. BOARD SECRETARY’S REPORT

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

- ***MSRP selected for 2024 NAGDCA Leadership Award*** – Ms. Bell acknowledged the Member Services team for all of their hard work and collaboration with Nationwide to make sure that participants are fully educated in saving for their retirement. Ms. Bell noted that MSRP was among 16 public sector plans that were recognized by NAGDCA for excellence and innovation. MSRP was awarded the 2024 NAGDCA Leadership Award in the Plan Design and Administration category for the “Catch the Match” educational campaign.

- **Bill Sponsor – 2025 Legislation** – Ms. Bell stated that MSRP’s legislative package will be submitted to the Governor’s office on or before the deadline of August 30, 2024: removing “Teachers” from “Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans” and automatic enrollment of new State employees into the MSRP 457 Plan. Because MSRP’s bills will likely need a private sponsor, Senator Michael Jackson, has graciously agreed to sponsor both bills. In preparation for the upcoming legislative session, Ms. Bell and Board Chair Foster will be meeting with the Senate President Bill Ferguson and Speaker of the House Adrienne Jones and members of the Joint Committee on Pensions.
- **Proposed 2025 Board Meeting Schedule** – Ms. Bell submitted proposed dates for 2025 Board meetings. Voting on confirming these dates has been deferred to November 18, 2024’s Board meeting.

TRUSTEE	QUESTION/REQUEST
Mr. Hickey	Are you planning on doing a cross-filed bill with a House bill? Ms. Bell stated that she does plan on requesting filing a House version as well.
Ms. Hartman	Now there is a year’s worth of data, and with fiscal uncertainty, should there be a proactive reach-out to DBM about keeping the State match going? Ms. Bell stated that she will reach out to Secretary Grady.
Mr. Brandt	With this being the last meeting for the Investment Committee Chairman, do we have governance issues? Board Chair Foster stated that Mr. Lewis has notified the Governor’s office of his resignation, thanked Mr. Lewis for his years of service and leadership, and noted that the Governor will need to appoint a successor.

Board Chair Foster stated that with this being both Mr. Olson’s and Mr. Lewis’ last meeting she wanted to thank them for their years of service. Mr. Lewis stated that it has been a pleasure working with everyone.

VIII. CLOSED SESSION

1. Recorded vote to close the meeting:

Date: August 19, 2024

Time: 11:14 a.m.

Location: 6 St. Paul Street, Suite 200, Baltimore, MD 21202 and call-in line provided for that purpose

Motion to close meeting made by: Tom Hickey;

2nd Motion made by: John Lewis.

Vote to Close Session:

	AYE	NAY	ABSTAIN	ABSENT
T. Eloise Foster, Chair	[X]	[]	[]	[]
Thomas M. Brandt, Jr.	[X]	[]	[]	[]

Dereck E. Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lynne M. Durbin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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)(13), 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 05/20/2024.*

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 05/20/2024 (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 C. Smith, Deputy Executive Director & Chief Financial Officer
 Ms. Andrea L. Hill, Assistant to the Executive Director

Representative of the Office of the Attorney General:

Ms. Deborah A. Donohue, Assistant Attorney General, Principal Counsel

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 May 20, 2024

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

At 11:15 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.

IX. OPEN SESSION/ADJOURNMENT

At 11:15 p.m., the Open Session resumed.

Upon motion by Mr. Hickey and seconded by Ms. Hartman, 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 May 20, 2024

At 11:16 a.m., upon motion by Mr. Hickey and seconded by Mr. West, the Board unanimously approved adjournment of the Open Session by general consensus without objection.