Exhibit A

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BOARD OF TRUSTEES FOR THE MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS MINUTES OF THE REGULAR MEETING November 23, 2020

The Board of Trustees (the "Board") of the Maryland Teachers & State Employees Supplemental Retirement Plans ("MSRP") convened at 9:46 a.m. on November 23, 2020, via a Google Meet video conferencing link and call-in line provided for that purpose. The audio-only call-in line allowing public access to the meeting was posted on the MSRP website prior to the meeting. A quorum was present.

<u>Members Present</u>
Ms. T. Eloise Foster
Mr. Thomas Brandt, Jr.
Ms. Lynne Durbin
Mr. Thomas Hickey
Treasurer Nancy Kopp
Mr. John Lewis
Mr. Johnathan West

<u>Representatives and Guests</u>
Ms. Lara L. Hjortsberg, Staff
Ms. Debra Roberts, Staff
Mr. Louis Holcomb, Staff
Ms. Anna Marie Smith, Staff
Ms. Angela Anderson, Staff
Mr. William Mandycz, Office of the Attorney General
Mr. Daniel Wrzesien, Nationwide
Mr. Tami Pearse, Galliard Capital Management
Mr. Timothy Noel, Galliard Capital Management
Ms. Elizabeth Smithley, Galliard Capital Management
Ms. Vanessa Vargas, Segal Marco Advisors
Mr. John DeMairo, Segal Marco Advisors
Mr. Ryan Wagner, T. Rowe Price
Ms. Kimberly Young, T. Rowe Price
Mr. Philip Harris, Financial Integrity Resources Management *(public call-in line)*
Ms. Ishwarya Parameshwaran, Financial Integrity Resources Management *(public call-in line)*
Ms. Runya Nie, Financial Integrity Resources Management *(public call-in line)*
Ms. Rui Zhang, Financial Integrity Resources Management *(public call-in line)*
Mr. Ronan Burke, Capital Group *(public call-in line)*

I. Chairperson's Remarks

Chairperson Foster called the meeting to order at 9:46 a.m. and welcomed everyone to the meeting.

Upon motion duly and seconded, the minutes of each of the following meetings of the Board were unanimously approved:

- Open Session of the Regular Meeting of the Board held on August 24, 2020 (Exhibit A), subject to minor typographical changes;
- Special Meeting of the Board held on October 26, 2020 (Exhibit A-1), subject to minor typographical changes: and
- Special Meeting of the Board held of November 11, 2020 (Exhibit A-2).

Chairman Foster next explained that because the last meeting of the Board had adjourned while the Board was meeting in Closed Session, the Open Meetings Act required that certain disclosure be made during this meeting and reflected in the minutes. She asked that the following be reflected in the minutes of the meeting:

Required Disclosure from Closed Session, November 11, 2020

- **Time, place and purpose of Closed Session**

  Time and Place: 10:08 a.m. on November 11, 2020, via Google Meet link provided for Closed Session to Trustees and those invited to attend by the Board

  Meeting Adjourned in Closed Session: 10:57 a.m.

  Purpose:

  - *To receive advice of counsel related to upcoming the upcoming interviews of candidates for the Executive Director position; and*
  - *To receive information regarding and discuss the finalist candidates for the Executive Director position in connection with the upcoming interviews on November 25, 2020*

- **Recorded vote of each member as to closing of the Closed Session**

  Recorded vote: The resolution to close the meeting was adopted unanimously by all the Trustees present at the meeting (7 of 7 Trustees in office).

- **Citation of authority under General Provisions Article ("GP") §3-305 for closing the meeting**

  GP §3-305 Authority:

    - ***§3-305(b)(1)*** *To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals; and*

- §*3-305(b)(7) To consult with counsel to obtain legal advice on a legal matter*

- **The Board also relied on GP §3-103(a)(1)(i), the administration of the law of the State, in closing the meeting. The specific law was §35-204(c) of the State Personnel and Pensions Article ("SPP"), which vests the authority for employing staff of the agency in the Board (*an administrative function*).**

- **Listing of topics discussed, persons present, and each action taken during the Closed Session**

  Topics discussed:

  - *Legal requirements related to interviews for Executive Director candidates*
  - *Finalist candidates for Executive Director position, scheduling of interview sessions, and questions to be presented during the interviews*

  Persons present:

  - *All Trustees*
  - *Lara Hjortsberg, MSRP*
  - *William Mandycz, OAG*

  Actions taken:

  - *No actions taken, information only*

II. Administrator's Report

Mr. Daniel Wrzesien presented the 3rd quarter performance report for the period ended September 30, 2020 (Exhibit B), highlighting the following:

• Current Assets:	$4.46 billion
• Total Participant Accounts:	69,339 (*+0.46% as compared to 3Q2019*)
• Enrollments	428 *(-43% as compared to 3Q2019)*
• Contributions:	$62.4 million *(+$10.4 million as compared to 3Q2019)*
• Mutual Fund Savings:	$456,808 for 3Q2020 (*reduced due to introduction of CITs*)
• Rollovers-In:	142, representing $4.9 million
• Withdrawals:	$53.2 million
• Rollovers-Out:	295, representing $28.1 million
• Loans:	4,396 active loans, representing $33.8 million
• Hardships/UEs:	1,381

With respect to achievements and initiatives, Mr. Wrzesien reported

- Creation of materials to host 2020 Benefit Coordinator Academies, with 449 invitations sent;
- Completion of T. Rowe Price U.S. Structured Research Trust mapping in August;
- Partnered with Central Payroll Bureau ("CPB") to create more secure serve to send biweekly payroll contributions;
- Working with CPB to have termination of employment information extracted automatically rather than through the current manual process;
- Continuation of work with SB & Company on 2019 Plan audit;
- Continuation of work with the Interim Executive Director regarding the 403(b) custodial agreement; and
- Worked with the Interim Executive Director in connection with the proposed hardship/UE Plan amendments.

Mr. Wrzesien provided additional detail on the following aspects of the Administrator's Report:

- Of the 1,770 new enrollments reported for the 3^{rd} quarter, 24% were accomplished via the website.
- The 1,032,113 total participant contacts represented an increase of 200,000 from 1Q2020 and an increase of 400,000 from 2Q2020.
- The Total Plan balance for ProAccount for the 3^{rd} quarter was \$404.0 million, with 726 total participants enrolled, both figures representing Plan milestones.
- After decreasing from the 1^{st} quarter to the 2^{nd} quarter, the total number of loans had increased from the 2^{nd} quarter to the 3^{rd} quarter. This metric would be monitored to determine the reason.
- Hardships/UEs increased from 608 in the 2^{nd} quarter to 1,381 in the 3^{rd} quarter, with 1,288 of such distributions being Coronavirus-Related Distributions ("CRDs").
- MBE purchasing percentage for the 3^{rd} quarter was 13% (the deficiency being attributable to the decreased use of paper, printing and presentations) and 15% YTD. Mr. Wrzesien was working with Curry Printing and Financial & Realty Services on several projects and expected that Nationwide would satisfy the 15% MBE goal by the 4^{th} quarter.

Mr. Wrzesien provided the following additional information regarding the CARES Act provisions as of October 31, 2020 (<u>Exhibit B-1</u>):

• Coronavirus-related Distributions	Total:	\$18.02 million
	Average CRD:	\$7,193.23
	Lowest CRD:	\$500
	Participants taking Maximum CRD (\$100K):	13
	Participants taking Minimum CRD (\$500)	23
• CARES Act Loan Provisions (increase limits;	• 101 current loans suspended	
	• 56 new loans taken under increased loan amount	

suspension of repayment dates)	provisions Average Loan Amt.: $25,751 Participants taking Maximum Loan Amt. ($100K): 1 Participants taking Minimum Loan Amt. ($500) 4

III. <u>Investment Advisors' Reports:</u>

A. <u>Segal Marco Advisors ("Segal")</u>

Ms. Vargas summarized the Watch List actions taken by and information provided to the Investment Committee during its meeting immediately preceding the Board meeting, noting the following:

- The Investment Committee accepted Segal's recommendation to place Delaware Value Institutional on the Watch List based on performance concerns.
- The Investment Committee accepted Segal's recommendation to remove T. Rowe Price Mid Cap Value from the Watch List given that the performance of the fund has improved for the YTD period.
- The Investment Committee accepted Segal's recommendation to place Janus Henderson Enterprise on the Watch List.
- Ms. Vargas reviewed with the Investment Committee the investment performance of the investment options through October.
- Ms. Vargas alerted the Investment Committee as to T. Rowe Price's announcement of its intent to create a new investment management firm within its structure, T. Rowe Price Investment Management.

Following Ms. Vargas' review of the Watch List recommendations, upon motions duly made and seconded, it was unanimously

RESOLVED, in accordance with the recommendations of Segal Marco Advisors, Delaware Value Institutional Fund shall be placed on the Watch List;

FURTHER RESOLVED, in accordance with the recommendations of Segal Marco Advisors, T. Rowe Price Mid Cap Value Fund shall be removed from the Watch List; and

FURTHER RESOLVED, in accordance with the recommendations of Segal Marco Advisors, Janus Henderson Enterprise Fund shall be placed on the Watch List.

Ms. Vargas next noted that T. Rowe Price representatives were present at the meeting to answer questions from the Board regarding the investment management structure change announced the prior week and discussed during the Investment Committee meeting. Ms. Young noted that T. Rowe Price had provided 18 months advanced notice and reiterated that the decision had been under consideration for a few years. Mr. Lewis requested additional information as to the motivation underlying the change and how regulators would view the change. Ms. Young noted that the additional manager would allow T. Rowe Price additional capacity in the small and mid-cap strategies and that the change was being effected with the regulatory requirements applicable to T. Rowe Price's investment advisors. She further noted that there was firewall between the firms and that there was no intention that the two would share investment insight. Ms. Young undertook to provide additional information to the Board regarding this change in order to answer any further questions.

Mr. Brandt commented that based on the 60/40 allocation of Plan assets between Equity and Fixed Income, on a year to month basis, the allocation would equate to 40% of Plan assets yielding 0%. Mr. Brandt asked for Segal's recommendation in this regard. Ms. Vargas responded that Fixed Income remained an appropriate option in that it is a safe haven for participants. She also noted that with Fixed Income although appreciation of the asset is expected to be 0%, income is what participants should be expecting in a low rate environment. Ms. Pearse added that while Federal Reserve has commented that it expects to keep interest rates low, it can change that intent. She further noted that Galliard intends to keep spread assets in the ICP.

B. Galliard Capital Management ("Galliard")

The following is the ICP performance information provided to the Investment Committee of the Board during its meeting immediately preceding the Board meeting, which is included in these minutes for reference purposes:

> *Ms. Pearse presented the performance report for the 3rd quarter ended September 30, 2020 (Exhibit D). Prior to beginning the report, she introduced Timothy Noel from the Galliard client service team and Elizabeth Smithley from the Galliard external manager team, both of whom were in attendance at the meeting.*
>
> *Ms. Pearse highlighted the following with respect to Galliard and the stable value market:*
>
> - *Stable value continues to represent a safe haven, with Galliard seeing cash inflows across its book of business.*
> - *Galliard continues to see opportunities to improve pricing and continues to work to implement re-negotiated terms and fee reductions.*
> - *No changes in senior leadership or management team, with some hiring in stable value and operations during the quarter.*
> - *No dramatic change in issuers but the following changes were highlighted in the contract issuer market:*
>   - *Transamerica Premier Life Ins. Co. merged into its sister company Transamerica Life Ins. Co. effective 10/1/2020.*
>   - *MassMutual has agreed to sell its group retirement plan business to Empower.*
>   - *AIG announced its intent to split its Life & Retirement business from its General Insurance business.*

Ms. Pearse next proceeded to the MSRP ICP performance for the quarter ended September 30, 2020, highlighting the following:

- *AUM was $827.1 million.*
- *No. of contract issuers: 5, with allocation of approximately 20% to each manager (no changes).*
- *Duration was 2.88 years.*
- *Market-to-book ratio was 104.15%, an increase of 2 bps from the 2nd quarter of 2020.*
- *Quality was AA- (Book Value) and AA (Market Value), consistent with previous quarters.*
- *The monthly declared rate (MDR) (net of fees) was 2.20% (-5 bps as compared to the 2nd quarter of 2020).*
- *Yield to maturity was 0.87%.*
- *Portfolio performance for the quarter ended September 30, 2020 was +0.54% (as compared to +0.04% for the 3-year Constant Maturity Treasury (CMT) benchmark).*
- *Transamerica had agreed to a reduction of its wrap fee to 15 bps, effective 10/15/20, and Metropolitan Life had agreed to a reduction to 16 bps, effective 10/15/20.*
- *Underlying manager allocation was relatively unchanged from prior periods, except that the STIF (liquidity buffer) had decreased dramatically (from 5.0% of the portfolio at the end of the 2nd quarter to 2.1% at the end of the 3rd quarter).*
- *Underlying duration distribution – 1 to 3 years represented the largest percentage of the portfolio, at 45.4%.*
- *The continued tightening of spreads from the 2nd quarter to the 3rd quarter presented the opportunity to trim some positions which resulted in the allocation represented by the top 10 holdings in the portfolio reducing from 5.46% to 4.92% of the portfolio.*

Ms. Pearse noted that overall, all of the underlying managers exhibited outperformance in the 3rd quarter as compared to their benchmarks. Ms. Smithley provided the detailed underlying manager performance review for the 3rd quarter, highlighting the following performance numbers (net of fees):

- *Galliard*
    - *3Q2020: +0.50% (as compared to benchmark of +0.10%); value added: +40 bps*
- *IR+M*
    - *3Q2020: +0.53% (as compared to benchmark of +0.23%); value added: +30 bps*
- *Earnest Partners*
    - *3Q2020: +0.96% (as compared to benchmark of +0.61%); value added: +35 bps*
- *Dodge & Cox*
    - *3Q2020: +0.83% (as compared to benchmark of +0.48%); value added: +35 bps*

- *TCW*
    - *3Q2020: +0.89% (as compared to benchmark of +0.61%); value added: +28 bps*

Ms. Pearse closed her report by noting that the fees for the portfolio had increased slightly (0.328%) as compared to the 2nd quarter (0.326%) due to the higher allocation of assets into the STIF as stated earlier in the report.

IV. Staff Reports

A. Finance

Ms. Roberts presented the agency budget and financial projection report (Exhibit E) as of September 30, 2020. She reported that the actual year to date revenue earned was $622,181 with year to date expenditures of $471,747 resulting in a spending surplus of $150,434. She noted that the ending reserve balance was $1,220,769.

With respect to the reserve balance, Ms. Roberts noted that it was high due to spending being down and that she expected for the agency to spend most but not all of its appropriation. In response to a question from Ms. Durbin, Ms. Roberts noted that she would like to be able to provide a recommendation with respect to the possibility of a fee holiday at the January meeting but could not be certain of the timing until she had an understanding of where the State stood with respect to the State spending freeze and State employee travel ban.

B. Field Services

Mr. Holcomb introduced Ms. Angela Anderson, one of the Financial Field Representatives for MSRP. Ms. Anderson provided an overview of the 2020 MSRP Virtual Saving$ Symposium (Exhibit F). She noted that due to high attendance and positive feedback MSRP expected to host similar virtual events in 2021.

V. Committee Reports

Audit Committee

Mr. Brandt reported that the new Task Order Request for Proposals ("TORFP") for Audit Services had been released and that the new solicitation included more detail regarding internal controls. Ms. Roberts added that proposals were due November 24 and that would be opened and sent to the Audit Committee (comprising the Evaluation Committee for the TORFP), with an initial meeting anticipated in early December.

Search Committee

Ms. Durbin provided a report of the status of the search for a permanent Executive Director for MSRP, noting the following:

- At a Special Meeting of the Board on November 11, 2020, the Board had discussed procedures for the interview of the finalist candidates.

- Interviews of the finalist candidates would be conducted by the Board on November 25, 2020, after which a decision to make an offer was anticipated.

VI . Board Secretary's Report

Ms. Lara Hjortsberg presented the Board Secretary's Report (Exhibit G), noting the following:

- *Proposed Calendar Year 2021 Board Meeting Schedule (Exhibit G-1)* – Ms. Hjortsberg asked the Board members to review the proposed dates and provide Ms. Smith with any conflicts so that the calendar could be finalized.

- *Proposed Plan Amendments (Exhibit G-2)* – Ms. Hjortsberg directed the Board's attention to Exhibit G-2. She noted that the proposed amendments were intended to address IRS regulations regarding hardship distributions which became effective January 1, 2020 and for which amendments were either required or recommended for the 401(k) Plan, 403(b) Plan, and the 457 Plan. She summarized the changes to be made to each Plan document.

  After discussion, and upon motion duly made and seconded, the resolutions attached to these minutes as Exhibit G-2 were unanimously adopted.

- *Department of Labor ESG Final Rule* – Ms. Hjortsberg noted that she had included in the Board meeting materials a copy of an alert regarding the IRS' adoption of the Final DOL ESG Rule, noting that the rule had been published on November 13, 2020 and would become effective January 12. She provided a summary and provided commentary on the rule.

- *Mandatory Return to Telework* – Ms. Hjortsberg reported that where possible, the State had returned to mandatory telework the week of November 9th and that this had been communicated to MSRP staff.

- *American Funds Growth Fund of America Replacement* – Ms. Hjortsberg reported that the replacement of this mutual fund investment option with the William Blair Large Cap Growth Collective Investment Fund (mutual fund vehicle in the 403(b) Plan) would occur on February 16, 2021, with participant communication scheduled for the 4Q2020 statements sent in mid-January.

- *Virtual Benefits Fair* – Ms. Hjortsberg announced that Nationwide had extended to Virtual Benefits Fair (for which the Board members had received a link to participate in October and which was initially scheduled to end November 24) until December 24.

VII. Executive Session

Chairperson Foster noted that as indicated on the Agenda for the Meeting, a vote was required to close the meeting for the reasons under the Open Meetings Act set forth on the Agenda. She asked that these reasons be reflected in the minutes of the meetings, those reasons being: (1) for the administration of the law of the State, pursuant to GP §3-

103(a)(1)(i), specifically, pursuant to pursuant to (a) GP §3-104, to review the minutes of the closed sessions of the Board meetings held on (i) October 26, 2020, and (ii) November 11, 2020, and (b) SPP §35-204(c); (2) GP §3-305(b)(1), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals; (3) GP §3-305(b)(7), to consult with counsel to obtain legal advice on a legal matter; and (4) GP §3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

She requested a motion from a Board member to close the meeting in accordance with the Act. (A *Presiding Officer's Written Officer's Statement for Closing a Meeting under the Open Meetings Act* was prepared and was signed by Chairperson Foster prior to the Special Meeting, with the votes of the Trustees recorded thereon, to be filed with minutes of the Board.)

Upon motion made and seconded, it was unanimously

RESOLVED, that the Board of Trustees of the Maryland Supplemental Retirement Plans move into a closed session in accordance with (1) GP §3-103(a)(1)(i), specifically under GP §3-104 to review the minutes of the minutes of the closed sessions of the Board meetings held on (i) October 26, 2020, and (ii) November 11, 2020, and (b) SPP §35-204(c); (2) GP §3-305(b)(1), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals; (3) GP §3-305(b)(7), to consult with counsel to obtain legal advice on a legal matter; and (4) GP §3-305(b)(8), to consult with staff, consultants, or other individuals about pending or potential litigation.

Everyone left the Open Session at 11:18 a.m. The members of the Board of Trustees present at the meeting logged/dialed into a separate Google Meet video link/phone line arranged for the Closed Session. Ms. Hjortsberg and Mr. Mandycz joined the Closed Session at the Board's request. The meeting adjourned during the Closed Session at 11:31 a.m.

<u>**Exhibit G-2**</u>

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

It is hereby

RESOLVED that:

<u>**Amendment to the State of Maryland Deferred Compensation Plan (the "*457 Plan*")**</u>**:**

1. The 457 Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on <u>Exhibit A</u> attached hereto.

<u>**Amendments to the State of Maryland Savings and Investment Plan (the "*401(k) Plan*")**</u>**:**

2. The 401(k) Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on <u>Exhibit B</u> attached hereto.

<u>**Amendments to the State of Maryland Tax Sheltered Annuity 403(b) Plan (the "*403(b) Plan*" together with the 457 Plan, and the 401(k) Plan, the "*Plans*," and also each, individually referred to as a "*Plan*")**</u>**:**

3. The 403(b) Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on <u>Exhibit C</u> attached hereto.

<u>**Effective Dates of the Plan Amendments**</u>**:**

4. The effective date of the amendments set forth of the Plan Amendments shall be **January 1, 2020**, unless otherwise specifically stated therein.

FURTHER RESOLVED, that the Interim Executive Director and Secretary of the Board of Trustees, in consultation with Nationwide Retirement Solutions, Inc., the Plan Administrator and Recordkeeper of the Plans, is authorized, directed and empowered to take all such actions deemed necessary and appropriate to carry out the intents and purposes of the foregoing resolutions and amendments, the taking of such actions to provide conclusive evidence of such determination.

I, Lara L. Hjortsberg, Interim Executive Secretary of the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans, CERTIFY that the *foregoing Resolution were adopted by the Board of Trustees at a duly held meeting on November 23, 2020 by unanimous vote of a quorum of the Board of Trustees.*

Lara L. Hjortsberg
Interim Secretary of the Board of Trustees
of the Maryland Teachers & State
Employees Supplemental Retirement Plans

EXHIBIT A

State of Maryland Deferred Compensation Plan and Trust

The State of Maryland Deferred Compensation Plan and Trust, amended and restated, effective January 1, 2012, and further amended, effective October 1, 2014 (the "Plan"), is hereby further amended, effective January 1, 2020, to make certain non-substantive and non-mandatory changes to the hardship distribution provisions of Article VII of the Plan in connection with amendments contained in 84 Fed. Reg. 49651 (September 23, 2019), Internal Revenue Service Final Regulations, Hardship Distributions of Elective Contributions, Qualified Matching Contributions, Qualified Nonelective Contributions, and Earnings being made to the State of Maryland Savings and Investment Plan and State of Maryland Tax Sheltered Annuity 403(b) Plan as of the same effective date.

ARTICLE VII

Entitlement to Benefits

7.1 Retirement – Every Participant who is not disentitled by reason of prior Severance From Employment with the State, shall be deemed to have reached retirement upon the attainment of his or her Normal Retirement Age, or, if he or she remains in the employ of the State after such dates, the effective date of actual retirement. As of his or her Distribution Date, a retired Participant shall be entitled to the full value of this Accrued Benefit, payable according to the provisions of Article VIII.

7.2 Disability – If a Participant, at any time prior to retirement or other termination of employment with the State, shall become totally and permanently disabled, and if proof of such disability satisfactory to the Board shall be furnished (which proof shall include a written statement of a licensed physician appointed or approved by the State), such Participant, as of the Distribution Date, shall be entitled to the full value of his Accrued Benefit, payable according to the provisions of Article VIII. Total and permanent disability shall mean a medically determinable physical or mental impairment which can be expected to result in death or to last at least twelve months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties available in the State's employment.

7.3 Death – In the event of the death of a Participant prior to his or her retirement, disability or other termination of employment, then, as of his or her Distribution Date, the full value of the Accrued Benefit shall become payable, according to the provisions of Articles VIII and IX, to his or her designated Beneficiary, upon submission of proof of death satisfactory to the Board.

7.4 Other Terminations – In the event of a Severance From Employment by a Participant for any reason other than retirement, disability or death, then, as of the Distribution Date, he or she shall become entitled to the full value of the Accrued Benefit, payable according to the provisions of Article VIII.

7.5 Hardship Distributions – (a) In addition to the in-service withdrawal rights described in Article 8.7, a hardship withdrawal is permitted from the Participant's Compensation Deferral Account and Roth Contribution Account upon application to the Board in the event of an unforeseeable emergency as a result of events beyond the control of the Participant. The Board shall fully consider the circumstances of each case and shall in its sole discretion approve or deny the request in whole or in part. A hardship distribution may only be made on account of a severe financial hardship to the Participant.

(b) The following are financial needs considered to be a severe financial hardship:

(1) expenses resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's primary Beneficiary, or dependents (as defined in section 152(a) of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code);

(2) expenses resulting from the loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);

(3) expenses resulting from the need to pay for the funeral expenses of the Participant's spouse, the Participant's primary Beneficiary, or dependents (as defined in section 152(a) of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code); or

(4) expenses resulting from other similar extraordinary and unforeseeable circumstances arising from events beyond the control of the Participant.

Also included within the definition of severe financial hardship are unanticipated medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medications; and such amounts necessary to prevent the imminent eviction of the Participant or the Participant's primary Beneficiary from such individual's principal residence, or foreclosure on the mortgage on that residence. Whether other circumstances may constitute unforeseeable of emergencies will depend upon the facts and circumstances of the individual case, but in no event shall normally budgetable expenditures, such as purchase of an automobile, or home, or payment of educational expenses or college tuition, be considered as an unforeseeable emergency.

(d) A distribution on account of an unforeseeable emergency may not be made to the extent such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, or by liquidation of the Participant's assets to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of elective compensation deferrals under this Plan.

(e) Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

(f) A Participant must provide substantiation of the reason for and the amount of the severe financial hardship to the Administrator of the Plan. The Administrator of the Plan shall approve all hardship distributions on behalf of the Board under this Article 7.5.

(g) In addition to the standards set forth above, in the administration of the hardship provisions hereunder the Board shall make or restrict such distributions, and impose such requirements, as are established under the Internal Revenue Code and applicable regulations as in effect from time to time.

<u>EXHIBIT B</u>

State of Maryland Savings and Investment Plan and Trust

The State of Maryland Savings and Investment Plan and Trust, amended and restated, effective January 1, 2012, and further amended, effective October 1, 2014 (the "Plan"), is hereby further amended, effective January 1, 2020 (unless otherwise specifically stated herein), to implement amendments contained in 84 Fed. Reg. 49651 (September 23, 2019), Internal Revenue Service Final Regulations, Hardship Distributions of Elective Contributions, Qualified Matching Contributions, Qualified Nonelective Contributions, and Earnings.

<u>ARTICLE VII</u>

<u>Entitlement to Benefits</u>

7.1 <u>Retirement</u> – Every Participant shall be deemed to have reached retirement upon the attainment of his or her 62nd birthday, or, if he or she remains in the employ of the State after such dates, the effective date of actual retirement. Whether or not a Participant has attained his or her retirement age, as of his or her Distribution Date, a Participant shall be entitled to elect to receive the value of his or her Accrued Benefit, payable according to the provisions of Article VIII. Beneficiaries and Alternative Payees shall be entitled to distribution of account values as provided in Article IX.

7.2 <u>Disability</u> – If a Participant, at any time prior to retirement or other termination of employment with the State, shall become totally and permanently disabled, and if proof of such disability satisfactory to the Board shall be furnished (which proof shall include a written statement of a licensed physician appointed or approved by the State), such Participant, as of the Distribution Date, shall be entitled to the full value of his or her Accrued Benefit, payable according to the provisions of Article VIII. Total and permanent disability shall mean a medically determinable physical or mental impairment which can be expected to result in death or to last at least six months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties available in the State's employment.

7.3 <u>Death</u> – In the event of the death of a Participant prior to his or her retirement, disability or other Severance From Employment, then the full value of the Accrued Benefit shall become payable, under the provisions of Article VIII and IX to his or her designated Beneficiary.

7.4 <u>Other Terminations</u> – In the event of a Severance From Employment by a Participant for any reason other than retirement, disability or death, then, as of the Distribution Date, he or she shall become entitled to elect to receive the value of his or her Accrued Benefit, payable according to the provisions of Article VIII.

7.5 <u>Hardship Distributions</u> – (a) In addition to the in-service withdrawal rights described in Articles VII and VIII, a hardship withdrawal is permitted from the Participant's Compensation Deferral Account and Roth Contribution Account upon application to the Board in the event of hardship. A hardship distribution may only be made on account of an immediate and heavy financial need of the Participant and where the distribution is necessary to satisfy the immediate and heavy financial need. The Board shall fully consider the circumstances of each case, and shall in its sole discretion approve or deny the request in whole or in part.. In no event shall the Special Independent Match Contributions made to the Compensation Deferral Account be eligible for withdrawal under this provision.

(b) The following are the only financial needs considered immediate and heavy:

(1) expenses incurred or necessary for medical care described in Section 213(d) of the Internal Revenue Code (without regard to whether the expenses exceed 7.5% of adjusted gross income) of the Participant or the Participant's spouse, primary Beneficiary, or dependents (as defined in Section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code);

(2) the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) payment of tuition and related educational fees and room and board expenses for the next 12 months of post-secondary education for the Participant, the Participant's spouse, primary Beneficiary, or dependents (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code);

(4) payments necessary to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(5) payments for funeral or burial expenses for the Participant's deceased parent, spouse, primary Beneficiary, or any dependent (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code);

(6) effective January 1, 2021, expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Section 165 of the Internal Revenue Code (determined without regard to section 165(h)(5) of the Internal Revenue Code and without regard to whether the loss exceeds 10% of adjusted gross income);

(7) effective January 1, 2021, expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; and

(8) such other circumstances as the Commissioner of the Internal Revenue determines constitute financial hardship under Section 401(k) of the Internal Revenue Code or the Treasury Regulations thereunder.

(c) A distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution);

(2) The Participant has obtained all distributions currently available under the Plan or any other plans maintained by the Employer, other than hardship distributions and non-taxable loans;

(3) For distributions on or before December 31, 2019, Elective Deferrals under this Plan and elective deferrals made under all other plans maintained by the Employer will be suspended until the earlier of (1) six months after the receipt of the hardship distribution or (ii) January 1, 2020;

(4) For distributions made on or after January 1, 2020, the Participant represents in writing or in such other form as may be prescribed by the Commissioner of the Internal Revenue Service that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need; and

(5) The Participant has met any such additional or alternative requirements as may be prescribed in Treasury Regulation Section 1.401(k)-1(d)(3)(iv)(E) or subsequent promulgations.

(d) A Participant must provide substantiation of the reason for and the amount of the immediate and heavy financial need to the Administrator of the Plan. The Administrator of the Plan shall approve all hardship distributions on behalf of the Board under this Article 7.5.

(e) In addition to the standards set forth above, in the administration of the hardship provisions hereunder, the Board shall restrict such distributions, and impose such requirements, as are established under the Internal Revenue Code and applicable regulations as in effect from time to time.

<u>EXHIBIT C</u>

State of Maryland Tax Sheltered Annuity 403(b) Plan

The State of Maryland Tax Sheltered Annuity 403(b) Plan, amended and restated, effective January 1, 2012 (the "Plan"), is hereby further amended, effective January 1, 2020 (unless otherwise specifically stated herein), to implement amendments contained in 84 Fed. Reg. 49651 (September 23, 2019), Internal Revenue Service Final Regulations, Hardship Distributions of Elective Contributions, Qualified Matching Contributions, Qualified Nonelective Contributions, and Earnings.

<u>ARTICLE VII</u>

<u>Entitlement to Benefits</u>

7.1 <u>Retirement</u> – Every Participant who is not disentitled by reason of prior Severance From Employment with the State, shall be deemed to have reached retirement upon the attainment of his or her 62nd birthday or, if he or she remains in the employ of the State after such dates, the effective date of actual retirement. As of his or her Distribution Date, the Participant shall be entitled to receive a distribution of the full value of his or her Account payable according to the provisions of Article VIII.

7.2 <u>Disability</u> – If a Participant, at any time prior to retirement or other Severance From Employment, shall become totally and permanently disabled, and if proof of such disability satisfactory to the Board shall be furnished (which proof shall include a written statement of a licensed physician appointed or approved by the State) such Participant, as of the Distribution Date, shall be entitled to receive a distribution of the full value of his or her account, payable according to the provisions of Article VIII. Total and permanent disability shall mean a medically determinable physical or mental impairment which can be expected to result in death or to last at least six months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties.

7.3 <u>Death</u> – In the event of the death of a Participant prior to his or her retirement, disability or other Severance From Employment, then, as of his or her Distribution Date, the full value of the account shall become payable, according to the provisions of Article VIII and IX, to his or her designated Beneficiary, upon submission of proof of death satisfactory to the Board.

7.4 <u>Other Terminations</u> – In the event of a Severance From Employment by a Participant for any reason other than retirement, disability or death, then, as of the Distribution Date, he or she shall become entitled to receive the full value of his or her account payable according to the provisions of Article VIII.

7.5 <u>Hardship Distributions</u> – (a) In addition to the in-service withdrawal rights described in Article 8.6, a hardship withdrawal is permitted from the Participant's Account (excluding any earnings on Elective Deferrals after December 31, 1988) upon application to the Board in the event of hardship. A hardship distribution may only be made on account of an immediate and heavy financial need of the Participant and where the distribution is necessary to satisfy the immediate and heavy financial need. The Board shall fully consider the circumstances of each case and shall in its sole discretion approve or deny the request in whole or in part. The Board may require that a Participant, prior to receipt of a hardship distribution, disclose his or her account activities in all plans maintained by the Employer, or any Related Employer, and authorize the Administrator of this Plan to exchange information on such activity with the Administrators of such other plans.

(b) The following are the only financial needs considered immediate and heavy:

(1) expenses incurred or necessary for medical care described in section 213(d) of the Internal Revenue Code (without regard to whether the expenses exceed 7.5% of adjusted gross income) of the Participant or the Participant's spouse, primary Beneficiary, or dependents (as defined in section 152 of the Internal Revenue Code, but without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code))

(2) the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) payment of tuition and related educational fees and room and board expenses for the next 12 months of post-secondary education for the Participant or the Participant's spouse, primary Beneficiary, or dependents (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code));

(4) payments necessary to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(5) payments for funeral or burial expenses for the Participant's deceased parent, spouse, primary Beneficiary, or any dependent (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code));

(6) effective January 1, 2021, expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Section 165 of the Internal Revenue Code (determined without regard to section 165(h)(5) of the Internal Revenue Code and without regard to whether the loss exceeds 10% of adjusted gross income);

(7) effective January 1, 2021, expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; and

(8) such other circumstances as the Commissioner of the Internal Revenue determines constitute financial hardship under Section 401(k) of the Internal Revenue Code or

the Treasury Regulations thereunder.

(c) A distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution);

(2) The Participant has obtained all distributions currently available under the Plan or any other plans maintained by the Employer, other than hardship distributions and non-taxable loans;

(3) For distributions on or before December 31, 2019, Elective Deferrals under this Plan and elective deferrals made under all other plans maintained by the Employer will be suspended until the earlier of (1) six months after the receipt of the hardship distribution or (ii) January 1, 2020;

(4) For distributions made on or after January 1, 2020, the Participant represents in writing or in such other form as may be prescribed by the Commissioner of the Internal Revenue Service that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need; and

(5) The Participant has met any such additional or alternative requirements as may be prescribed in Treasury Regulation Section 1.401(k)-1(d)(3)(iv)(E) or subsequent promulgations.

(d) A Participant must provide substantiation of the reason for and the amount of the immediate and heavy financial need to the Administrator of the Plan. The Administrator of the Plan shall approve all hardship distributions on behalf of the Board under this Section 7.5.

(e) In addition to the standards set forth above, in the administration of the hardship provisions hereunder the Board shall restrict such distributions and impose such requirements as are established under the Internal Revenue Code and applicable regulations as in effect from time to time.

7.6 Procedure for Individual Contracts and Accounts – If the Participant requests a hardship distribution from an Annuity Contract or Individual Custodial Account, he or she must comply with any requirements and restrictions on distributions under this Plan prior to any direct request for distribution from such Insurance Company or Custodian. The Participant shall also be required to comply with all conditions, restrictions, procedures and expenses of the annuity contract or individual custodial agreement.