



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

*Maryland  
Teachers & State Employees  
Supplemental Retirement Plans*

**August 30, 2021  
MEETING MINUTES**

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**BOARD OF TRUSTEES**

Hon. T. Eloise Foster  
*Board Chair*

Thomas M. Brandt, Jr.  
Lynne M. Durbin, Esq.  
Thomas P. Hickey  
Hon. Nancy K. Kopp  
John D. Lewis  
Johnathan R. West

**S T A F F**

Ronda Butler Bell, MPA  
*Executive Director  
Secretary to the Board*

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

Richard A. Arthur, MBA CPM  
*Director of Operations & Technology*

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

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<http://MSRP.maryland.gov>*

*Call About the Plans  
or to Enroll  
1-800-545-4730  
or enroll on-line at  
[www.MarylandDC.com](http://www.MarylandDC.com)*

**Trustees Present**

Hon. T. Eloise Foster, Board Chair  
Mr. Thomas M. Brandt, Jr.  
Ms. Lynne Durbin  
Mr. Thomas Hickey  
Hon. Nancy K. Kopp  
Mr. John D. Lewis  
Mr. Johnathan West (*via phone*)

**Representatives**

Ms. Ronda Butler Bell, Executive Director & Board Secretary  
Ms. Debra L. Roberts, Deputy Director & Chief Financial Officer (*via phone*)  
Ms. Angela Anderson, Member Services Education Specialist (*via phone*)  
Ms. Lara L. Hjortsberg, Assistant Attorney General, Board Counsel (*via phone*)  
Ms. Lillie Jones, Accounting Assistant (*public call-in line*)  
Ms. Sharlene Matthews, Finance & Compliance Administrative Assistant (*via phone*)  
Ms. Anne O'Neill, Member Services Education Specialist (*via phone*)  
Ms. Anna Marie Smith, Executive Assistant  
Ms. Nakeia Smith, Finance & Compliance Administrator  
Ms. Jeannie Sutton, Member Services Education Specialist (*via phone*)  
Ms. Tonya M. Toler, Director of Member Services

**Guests**

Ms. Brenda Anderson, AVP, Custom Large Plans, Nationwide (*via phone*)  
Mr. Daniel Wrzesien, Program Director, Nationwide  
Mr. Michael Norman, Senior Managing Principal Galliard Capital Management  
Ms. Tami Pearse, Principal, Galliard Capital Management  
Mr. John DeMairo, President & CEO, Segal Marco Advisors (*via phone*)  
Ms. Vanessa Vargas Guijarro, VP & Senior Consultant, Segal Marco Advisors (*via phone*)  
Ms. Jennifer Jefferson, T. Rowe Price (*via phone*)  
Mr. Ryan Wagner, VP Inst. Client Service T. Rowe Price (*via phone*)  
Mr. Philip Harris, Financial Integrity Resources Management (*via phone*)  
Ms. Runya Nie, Financial Integrity Resources Management (*via phone*)  
Ms. Ishwarya Parameshwaran, Financial Integrity Resources Management (*via phone*)  
Ms. Yashi Shah, Financial Integrity Resources Management (*via phone*)

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:47 a.m. on August 30, 2021 at MSRP headquarters located at 6 St. Paul Street, Suite 200, Baltimore, Maryland. The publicly available meeting agenda and instructions for registering as a visitor and obtaining the call-in information were posted on the MSRP website prior to the meeting.

## **I. Board Chair’s Remarks**

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

Upon motion duly made and seconded, the following Board Meeting minutes were unanimously approved:

Open Session of the Regular Board Meeting held on May 24, 2021 (Exhibit A)

Ms. Foster next explained that, because the last Board Meeting adjourned in Closed Session, the Open Meetings Act required that certain disclosures 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, May 24, 2021**

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

**Time and Place:** *11:48 a.m. on May 24, 2021, via Google Meet link provided for Closed Session to Trustees and those invited to attend by the Board*

**Meeting Adjourned in Closed Session:** *11:55 a.m.*

**Purpose:** *To receive an update from Board Counsel regarding banking and custodial services for the Plans*

- **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**
  - **§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. The specific law was GP §3-104, to approve the minutes of Closed Sessions held on March 1, 2021, and April 2, 2021.*
- **Listing of topics discussed, persons present, and each action taken during the Closed Session**
  - *Update regarding banking and custodial services for the Plans*

**Persons present:**

- *All Trustees*
- *Ronda Butler Bell, MSRP*
- *Lara Hjortsberg, OAG*
- *Debra Roberts, MSRP*

**Actions taken:**

- *Information only regarding banking and custodial services for the Plans*
- *Approval of March 1, 2021 and April 2, 2021 Closed Session Minutes, an administrative function, pursuant to GP §3-103(a)(1)(i).*

**II. Plan Administrator's Report**

Mr. Wrzesien presented the 2<sup>nd</sup> quarter performance report for the period ended June 30, 2021 (Exhibit B), which highlighted the following:

- Current Assets: \$5.34 billion (+4.95% increase in plan assets from the prior quarter)
- Total Participant Accounts: 68,769
- Enrollments: 487
- Contributions: \$57.7 million (11.09% decrease compared to 1Q2021)
- Mutual Fund Savings: \$440,835 (increased from \$411,786 in 1Q2021)
- Rollovers-In: 128, representing \$4.7 million
- Withdrawals: \$47.5 million
- Rollovers-Out: 336, representing \$25.2 million
- Loans: 4363 active loans, representing \$36 million
- Hardships/UEs: 191

Mr. Wrzesien noted that he would prepare options for the Board to review in relation to the approval process for Unforeseeable Emergency and Hardship distributions. These updates on the approval process are based on IRS findings and guidelines.

Mr. Wrzesien then reported on the following initiatives:

- Nationwide continued working with RSM US on the 2020 Plan audit.
- Nationwide continued working with the State of Maryland Central Payroll Bureau to create a more secure and flexible process for sending and receiving participant bi-weekly payroll contributions.

- Nationwide continued working with MSRP to transition custodial and banking services to Nationwide.
- Nationwide worked with MSRP to update participant Unforeseeable Emergency and Hardship forms.
- Nationwide continued working with MSRP and Segal Marco Advisors to complete the next round of fund additions and fund mappings scheduled for August 2021.

Mr. Wrzesien concluded his report by noting that Nationwide's MBE participation was 15% for the 2<sup>nd</sup> quarter, which finished the fiscal year at 15.68% and was rounding the calendar year at 15% (as targeted).

### **III. Investment Advisors' Reports**

#### ***A. Segal Marco Advisors ("Segal")***

Ms. Vanessa Vargas Guijarro presented the 2<sup>nd</sup> quarter performance report for the quarter ended June 30, 2021 (Exhibit C). She began her report with a highlight on market performance and a defined contribution legislative update regarding fee disclosure litigations.

Ms. Vargas Guijarro proceeded to report on Plan performance, highlighting the following from the 2<sup>nd</sup> quarter performance report:

- AUM for the Plans on June 30, 2021, was \$5.34 billion, with investment earnings contributing \$279.1 million to the increase from March 31, 2021.
- The allocation to each of the Plans remained similar as in prior quarters, as follows: 457 Plan – 43%, 401(k) Plan – 50%, 403(b) Plan – 2.4%, and 401(a) Plan – 4.6%.
- Top 5 holdings – slight change from the 1<sup>st</sup> quarter, with 49% in the following: ICP – 15%, Fidelity 500 Index – 15%, Fidelity Puritan – 7%, William Blair Large Cap Growth CIF 5 – 7%, Vanguard MidCap Index Institutional – 5%
- Active/Passive split remained about the same at 73%/27%.
- Asset allocation as of June 30, 2021 was Equities – 52.47%, Fixed Income – 28.95%, and TDFs – 18.30%.
- Underlying asset allocation of the TDFs as of June 30, 2021 was Domestic Equity – 50.8%, International Equity – 20.5%, Domestic Fixed Income – 19.0%, International Fixed Income – 7.4%, Cash – 3.5%.
- Allocation of contributions as of June 30, 2021 was Equities – 43.91%, Target Date Funds – 33.10%, Fixed Income Funds – 22.99%.
- The following investment options remained on the Watch List at the end of the 2<sup>nd</sup> quarter of 2021 (with recommendation to remain thereon):
  - Delaware Value Institutional (since January 2021)
  - Janus Henderson Enterprise (since January 2021)
- YTD, as compared to benchmarks
  - 6 investment strategies underperformed relative to their respective benchmarks- Delaware Value Institutional, TRP U.S. Equity Research, Parnassus Core Equity, Janus Henderson Enterprise, TRP Institutional Small Cap Stock & American Funds EuroPacific Growth.

- For the 1-year period, 4 funds underperformed their respective benchmark- Delaware Value Institutional, TRP MidCap Value, Janus Henderson Enterprise & TRP Institutional Small Cap Stock.
- YTD, as compared to peers
  - 6 funds are performing below median- TCW Core Fixed Income, Delaware Value Institutional, TRP U.S. Equity Research, TRP MidCap Value, TRP Institutional Small Cap Stock & American Funds EuroPacific.
- Highlighted performance YTD:
  - *TCW Core Fixed Income* loss less than its benchmark (-1.2% as compared to -1.6%).
  - *Delaware Value Institutional* underperformed its benchmark (+12.3% as compared to +17.0%).
  - *T. Rowe Price U.S. Equity Research Trust C* underperformed its benchmark (+14.9% as compared to +15.3%); *T. Rowe Price U.S. Equity Research (Share Class I)* underperformed its benchmark (+14.8% as compared to +15.3%).
  - *Janus Henderson Enterprise* underperformed its benchmark (+9.9% as compared to +10.4%).
  - *T. Rowe Price Small Cap Stock* underperformed its benchmark (+14.3% as compared to +17.5%).
  - *American Funds EuroPacific Growth* underperformed its benchmark +6.5% as compared to +9.4%).
  - *YTD, TDFs* outperformed their respective custom benchmarks while for the quarterly period a slight underperformance. However, compared to their peers most are in the top 10 decile.

Ms. Vargas Guijarro concluded her report with the following Manager Alerts: 1) Parnassus Investments to be acquired by Affiliated Managers Group (AMG). This deal is set to close by the end of the year, subject to closing conditions and regulatory approvals; and 2) TRP US MidCap Value Equity portfolio manager change effective June 1, 2022, due to an announced retirement.

Following recommendations of the Investment Committee, upon motion made and seconded, it was unanimously

**RESOLVED**, to authorize MSRP staff to begin a review to change the T. Rowe Price (“TRP”) Structured Research Share Class to D at 28 basis points for the 457, 401(a), and 401(k) Plans;

**FURTHER RESOLVED**, to convert the existing Investor Share Class for the 403(b) Plan to the I-Share Class;

**FURTHER RESOLVED**, to authorize MSRP staff to begin review of the TRP Retirement Trust for the 457, 401(a), and 401(k) Plans, once MSRP assets reach \$950 million; and

**FURTHER RESOLVED**, to authorize MSRP staff to commence discussion with TCW to investigate if the commingled vehicle is a suitable option for the 457, 401(a), and 401(k) Plans.

**B. *Galliard Capital Management***

Ms. Pearse noted that Galliard had no updates beyond the information provided to the Investment Committee.

**IV. Board Staff Reports**

**A. *Finance***

Ms. Roberts presented the agency budget and financial projection report (Exhibit E) as of June 30, 2021. She reported an overall 28% reduction in the reserve from \$1,577,783 to \$1,140,978 at the end of June 30, 2021. This reduction was a result of the asset-based fee holiday that began in March 2021. Although the revenue that exceeded expenditures was only \$149,155 for the year, the net reduction in revenues during the fee holiday period was \$480,000. Ms. Roberts noted that the holiday will continue until July 2021 and is expected to further reduce the reserve to a level consistent with the estimated 25% of appropriation.

The fiscal office was able to spend down nearly \$60K, covering technology and other expenditures, and the unspent appropriation of \$99K will be cancelled during the year end close.

**B. *Member Services***

Ms. Toler presented the August 2021 Member Services Report (Exhibit F) which included the 3<sup>rd</sup> Quarter 2021 Webinar Schedule. The schedule includes dates, times, and webinar titles. Ms. Toler recapped the activity from the Member Services Education Team with the number of webinars conducted as 150, with 5200 in attendance from January thru June 2021. She noted the Fall Pre-Retirement Planning Schedule has been approved with a limited number of in-person seminars. Ms. Toler further noted that MSRP will host its second annual Virtual Saving\$ Symposium on October 19-21, 2021. This year's theme is "Empower Your Financial Future: A Comprehensive Approach to Making Savings a Real Priority." This year we will have 18 guest panelists who will conduct 30-minute presentations.

**V. Committee Reports**

Audit Committee Chair Mr. Brandt presented the Audit Committee Report (Exhibit G) from the meeting held on August 11, 2021. RSM was selected as MSRP's new auditor and is in the process of conducting the annual audit. Mr. Brandt noted that the audit is running later than expected due to the COVID-19 pandemic as well as the auditor selection process. He further noted that RSM has indicated that there have been no exceptions to report. A draft of the Annual Comprehensive Financial Report was received during the Audit Committee Meeting and questions on style and format were sent back to the report preparers. A fully completed report is expected by the October Special Board Meeting for the Board to approve.

## **VI. Board Secretary's Report**

Ms. Bell presented (Exhibit H), highlighting the following:

- a. ***Reopening of State Offices.*** Ms. Bell noted that, as of the July 1<sup>st</sup> reopening, staff went back to a telework schedule that was in place prior to the pandemic and that the full staff is not in the office on any given day. She also noted there have been no updates regarding mask or vaccine mandates.
- b. ***Staff Updates.*** Ms. Bell welcomed the new Finance & Compliance Administrator, Nakeia Smith, to the team; she officially started on July 14<sup>th</sup>. Ms. Bell also announced the retirement of Executive Assistant Anna Marie Smith, who has been a dedicated and invaluable member of the MSRP Team, with 23 years at MSRP and a total of 37 years in State service. Ms. Smith's retirement will be effective September 1<sup>st</sup>.
- c. ***Banking and Custody Transition.*** Ms. Bell noted the transition from Wells Fargo to Nationwide went live on August 10, 2021 without any issues. She gave special thanks the State Treasurer's Office and Treasurer Kopp for their support in working with MSRP and Nationwide throughout the transition.
- d. ***Transition to State Street Global Advisors.*** Ms. Bell reported that, at the Board Meeting held on Monday, November 25, 2019, the Board voted to proceed with the replacement of the index funds offered by Fidelity and Vanguard in the 457(b), 401(k), and 401(a) Match Plan with the collective investment trusts ("CITs") managed by State Street Global Advisors ("SSGA"). She noted that, accordingly, the transition to the SSGA CITs has taken effect as of August 18, 2021. *There was no change to the 403(b) Plan, which has retained the Fidelity and Vanguard index funds.* She further noted that MSRP staff and Nationwide are prepared to respond to any questions or concerns received in this regard.
- e. ***MSRP Selected for NAGDCA Leadership Award.*** Ms. Bell announced MSRP has been awarded the 2021 NAGDCA Leadership Award in Technology and Interactive Multimedia. She gave special recognition to Tonya Toler, Angela Anderson, Annie O'Neill & Jeannie Sutton from the Member Services Team for their outstanding work. The Zoom presentation ceremony took place at 1:00 p.m. on September 16, 2021.
- f. ***2021 NAGDCA Annual Conference.*** Ms. Bell announced this year's annual conference will be held virtually on September 13-16. Due to security restrictions, Trustees were advised to do self-registration through the link provided via email by Ms. Bell.
- g. ***IT Infrastructure Migration and Managed Website Project.*** Ms. Bell announced that MSRP became a DoIT enterprise agency as of July 6, 2021 and the migration was successful. The managed website project is underway and is being contracted out to Towson State University due to staffing shortages within DoIT.
- h. ***Proposed Board Meeting Schedule- Calendar Year 2022.*** Ms. Bell provided Exhibit H-1, the proposed schedule of Board Meetings for 2022. The dates will be held and can be changed if any scheduling conflicts are identified. The calendar will be confirmed by the Board of Trustees at the November Board Meeting.

**VII. Report of Board Counsel**

Ms. Hjortsberg reserved her comments for the Closed Session.

**VIII. Adjourn to Closed Session**

Board Chair Foster noted that, as indicated on the agenda, a vote was required to close the Board 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 § 3-103(a)(1)(i) of the General Provisions Article of the Annotated Code of Maryland (“GP”), to review the minutes of the Closed Session of the Board Meeting held on May 24, 2021; 2) to consult with counsel to obtain legal advice on a legal matter, pursuant to GP § 3-305(b)(7); and 3) to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter, pursuant to GP § 3-305(b)(13). She requested a motion from a Trustee 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 Board Chair Foster prior to the Board Meeting, with the votes of the Trustees recorded thereon, to be filed with the minutes of the Board).

Upon motion made and seconded, it was unanimously

**RESOLVED**, that the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans move into a Closed Session in accordance with: 1) GP § 3-103(a)(1)(i), to review the minutes of the Closed Session of the Board Meeting held on May 24, 2021; 2) GP § 3-305(b)(7), to consult with counsel to obtain legal advice; 3) GP § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter; and 4) GP § 4-335, to discuss certain line-item information from a contract fee schedule, which disclosure shall be denied under the Maryland Public Information Act as a trade secret and/or confidential commercial information.

The Open Session adjourned at 11:38 a.m. Ms. Bell, Ms. Hjortsberg, Ms. Roberts, Mr. DeMairo, and Ms. Guijarro joined the Closed Session at the Board’s request. The meeting adjourned during the Closed Session at 12:17 p.m.