



Maryland
Teachers & State Employees
Supplemental Retirement Plans

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

**MINUTES OF THE SPECIAL BOARD MEETING
December 9, 2021**

BOARD OF TRUSTEES

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Director of Member Services

*William Donald Schaefer Tower
Suite 200
6 Saint Paul Street
Baltimore, Maryland
21202-1608*

*Telephone: 410-767-8740
Toll-Free: 1-800-543-5605*

*TTY: Use 711 in Md.
Or 1-800-735-2258*

Fax: 410-659-0349

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TRUSTEES PRESENT

Hon. T. Eloise Foster, Board Chair
Mr. Thomas M. Brandt, Jr.
Ms. Lynne M. Durbin, Esq.
Mr. Thomas P. Hickey
Hon. Nancy K. Kopp
Mr. John D. Lewis
Mr. Johnathan R. West

REPRESENTATIVES OF MSRP

Ms. Ronda Butler Bell, Executive Director & Board Secretary
Ms. Debra L. Roberts, Deputy Executive Director & Chief Financial Officer
Mr. Richard Arthur, Director of Operations & Technology
Ms. Tonya Toler, Director of Member Services
Ms. Angela Anderson, Member Services Education Specialist
Ms. Andrea L. Hill, Assistant to the Executive Director
Ms. Anne O'Neill, Member Services Education Specialist
Ms. Nakeia Smith, Finance & Compliance Administrator
Ms. Jeannie Sutton, Member Services Education Specialist

REPRESENTATIVES OF THE OFFICE OF THE ATTORNEY GENERAL

Mr. William Mandycz, Assistant Attorney General

GUESTS

Ms. Megan Schutz, Assistant to Treasurer Nancy K. Kopp

INVESTMENT ADVISOR - Segal Marco Advisors

Ms. Vanessa Vargas Guijarro, VP & Senior Consultant

T. Rowe Price

Mr. Christopher Dyer, Institutional Business Development Executive
Mr. Antonio Luna, Portfolio Manager and Head of Stable Asset Management Team
Mr. Ryan Wagner, VP, Institutional Client Service Executive
Mr. Benjamin Gugliotta, Portfolio Manager
Mr. Whitney Reid, Portfolio Specialist
Ms. Heidi Delauter, Senior Defined Contribution Plan Specialist

Xponance

Ms. Kila Weaver, VP & Senior Client Service & Marketing Executive, Xponance
Mr. Mac Williams, President & COO, Xponance

The Board of Trustees (the “Board”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) convened at 9:39 a.m. on December 9, 2021, via a 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 prior to the meeting. A quorum was present.

I. BOARD CHAIR’S REMARKS

Board Chair Foster called the meeting to order, welcomed everyone, and noted that the meeting was being recorded. She indicated that the purpose of the meeting was to discuss the following: 1) the incoming Stable Value Investment Manager’s presentation of portfolio structure options; and 2) to review the proposed revisions to the MSRP Investment Contract Pool (“ICP”) Investment Policy and Guidelines.

Ms. Foster next explained that, because the Board Meeting held on November 22, 2021, adjourned while the Board was meeting 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:

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

Time and Place: *1:06 p.m. November 22, 2021, via a Zoom video link and private dial-in number provided for accessing the meeting.*

The Closed Session Meeting Adjourned: *1:09 p.m.*

Purpose of Closed Session: *The administration of the law of the State, pursuant to GP §3-103(a)(1)(i) to review the minutes of the Closed Sessions of the Board Meeting held on August 30, 2021, and the Special Board Meeting held on September 13, 2021.*

• **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).*

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

Topics discussed:

- Review of the minutes of the Closed Sessions of the Board Meeting held on August 30, 2021, and the Special Board Meeting held on September 13, 2021.

Persons present:

- All Trustees
- Debra L. Roberts, MSRP

- Andrea L. Hill, MSRP
- William Mandycz, Office of the Attorney General
- Nakeia Smith, MSRP

Actions taken:

- The Board unanimously approved:
 - The minutes of the Closed Session Board Meeting held on August 30, 2021.
 - The minutes of the Closed Session Special Board Meeting held on September 13, 2021.

II. Incoming Stable Value Manager's Presentation of Portfolio Structure Options for Investment Contract Pool

Mr. Chris Dyer thanked the Board for reconvening the Special Board Meeting to review the updated proposal for the ICP and introduced the T. Rowe Price ("TRP") team and their roles, as follows:

- Chris Dyer, Institutional Business Development Executive
- Tony Luna, Portfolio Manager and Head of Stable Asset Management Team
- Ben Gugliotta, Portfolio Manager
- Whitney Reid, Portfolio Specialist
- Heidi Delauter, Senior Defined Contribution Plan Specialist
- Ryan Wagner, VP, Institutional Client Service Executive

Mr. Dyer also introduced two senior representatives from the subadvisor, Xponance, as follows:

- Mac Williams, President & COO
- Kila Weaver, Vice President & Senior Client Service & Marketing Executive

Mr. Luna presented the TRP Stable Asset Overview (Exhibit 2). Mr. Luna began the presentation by reviewing the recommended portfolio allocation that was re-evaluated to include Xponance as the subadvisor based on previous discussions with the Board. He highlighted Xponance as a diverse investment manager that passed all the screenings in the RFP. In the current proposal Xponance has replaced Longfellow, which was named in the previous proposal.

Mr. Luna thanked the Board for another opportunity to present a proposal based on discussions from the previous meetings. He apologized and added that TRP felt the new proposal was a good solution that balances crediting rates and low fees with the increased diversity of the portfolio. He provided details of recommended portfolio proposal as follows:

- Manager Recommended Allocation

- Payden & Rygel, Intermediate Core, 20%
- T. Rowe Price, Intermediate Gov/Credit, 30%
- Loomis Sayles, 1-5 Yr. Gov/Credit, 20%
- T. Rowe Price, 1-3 Yr. Gov/Credit, 20%
- Xponance, 1-3 Yr. Gov/Credit, 10%

- Metric Recommended Allocation
 - External Sub Advised %, 50%
 - MBE %, 30%
 - Historical 5 Yr. Net of Sub-Advisor Fees Total Return (Annualized), 3.59%
 - Historical 5 Yr. Volatility, 1.94%
 - Estimated Crediting Rate (Net of Total Fees), 1.73%
 - Duration (Years), 3.22
 - Total Fees (Basis Points), 26.2

Mr. Whitney Reid, portfolio specialist at TRP highlighted his relationship with Xponance and the city of Philadelphia where the company is based. Mr. Reid has been with TRP for 10 years and in the industry for 25. He sat on The Board of Pensions in Philadelphia and was a city Treasurer. Mr. Reid has known the founder of Xponance since his days in Philadelphia and worked with the founder on numerous planning committees.

Mr. Mac Williams presented Xponance, Your Success Our Passion, Firm Background (Exhibit 1). Mr. Williams thanked the Board Chair and Executive Director for the opportunity to be recommended by TRP to be a part of the Stable Value Contract. Mr. Williams noted the long history of doing business with the State of Maryland. They are currently one of the Managers for the Maryland Terra Maria Fund. He notes the history as a long profitable engagement with the State of Maryland. The founder, Tina Byles Williams was the first African American CEO in Philadelphia. Noticing a lack of diversity in the portfolio, Ms. Williams developed a diverse portfolio which became an investment idea and founded FIS Group in 1996. FIS specialized in providing diverse portfolios primarily to public pension funds.

Three years ago, FIS Group purchased Piedmont Investment Advisors, a strong minority fixed income firm and formed one company, Xponance. Mr. Williams highlighted the firm background as follows:

- The multi-manager platform has funded over 198 strategies, with over 60% offered by diverse and/or women owned firms.
- Xponance employees 41 professionals, more than 76% of whom are diverse and/or women.
- More than 13.5 billion AUM.
- 100% employee owned.
- Current Ownership- Tina Byles Williams 63%, ESOP 32% & Management 5%.
- 56% of Management team is diverse.

Ms. Durbin asked of AUM, what percent represents fixed income. Ms. Weaver replied approximately, one third. Treasurer Kopp asked if Xponance had a similar relationship with a firm such as TRP with an ICP. Mr. Williams confirmed although there had been previous engagement talks prior, this is the first time they would be working with TRP. Conversations for this opportunity has been active for at least two weeks and they are grateful for the opportunity to work with TRP on the Stable Value contract. Treasurer Kopp stated the previous relationship with FIS has been working well and the firm has done very well with the State of Maryland's Terra Maria program.

Mr. Gugliotta began a discussion and review of the revised MSRP ICP Investment Policy and Guidelines ("ICP IPS") (Exhibit 3) that had been updated based upon the Trustees' feedback provided during the November 22, 2021, Board Meeting. Mr. Gugliotta noted that TRP had created a "to do" list for the future, which includes the following: 1) updating the Board on the possibility of using common trust funds in the future; and 2) including a glossary of terms that are contained in the current ICP IPS.

Ms. Foster asked Mr. Gugliotta to do a comprehensive review of the ICP IPS, so that the Board would be able to ask questions and provide comments, as desired.

Ms. Durbin asked Mr. Gugliotta to confirm whether the definition of "short-term investment funds" that had been added to the ICP IPS did not, in fact, denote anything different relative to how the funds have been invested in short-term investment funds under the current ICP IPS. Mr. Gugliotta confirmed this point. Ms. Durbin also asked if TRP was going to define the terms "to be announced transactions" and "mortgage dollar roll," as examples, and provide the Board with a list of terms that can be added to the ICP IPS soon. Mr. Gugliotta confirmed.

At the conclusion of the discussion of the ICP IPS, Ms. Foster asked that Mr. Gugliotta make all edits that were requested and submit the edited document to Ms. Bell so that she would be able to send it to the Board for review and any additional edits and comments that will send back to TRP to finalize.

Ms. Foster asked if the Board was comfortable with the revised portfolio allocation that included Xponance as subadvisor. Ms. Durbin stated that she was prepared to go forward with the recommendation. Mr. West and Mr. Lewis concurred. Ms. Foster asked for a motion to approve TRP's recommended portfolio allocation as shown on page 7 of their presentation. Ms. Durbin made a motion to approve TRP's recommended portfolio allocation, and Treasurer Kopp seconded the motion. The Board unanimously approved the portfolio allocation, and it was adopted.

At 11.27 a.m., a motion to adjourn was entered, seconded, and carried unanimously.