



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
March 4, 2022**

BOARD OF TRUSTEES

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TRUSTEES PRESENT

Hon. T. Eloise Foster, Board Chair
Mr. Thomas M. Brandt, Jr.
Hon. Dereck E. Davis
Ms. Lynne M. Durbin, Esq.
Mr. Thomas P. Hickey
Mr. John D. Lewis

REPRESENTATIVES OF MSRP

Ms. Ronda Butler Bell, Executive Director & Board Secretary
Ms. Debra L. Roberts, Deputy Executive Director & Chief Financial Officer
Ms. Lillie Jones, Accounting Assistant
Ms. Anne O'Neill, Member Services Education Specialist
Ms. Andrea L. Hill, Assistant to the Executive Director
Ms. Nakeia Smith, Finance & Compliance Administrator
Mr. Ronald Pringle, Member Services Administrator
Ms. Jeannie Sutton, Member Services Education Specialist
Ms. Tonya M. Toler, Director of Member Services

REPRESENTATIVE OF THE OFFICE OF THE ATTORNEY GENERAL

Ms. Deborah A. Donohue, Assistant Attorney General

GUESTS

PLAN ADMINISTRATOR - Nationwide Retirement Solutions

Mr. Daniel Wrzesien, Executive Program Director

INVESTMENT ADVISOR - Segal Marco Advisors

Ms. Vanessa Vargas Guijarro, VP & Senior Consultant
Ms. Julie Zuckerman, Compliance Team

STABLE VALUE FUND MANAGER – T. Rowe Price

Mr. Antonio Luna, Portfolio Manager and Head of Stable Asset Management Team
Ms. Xin Zhou, Portfolio Manager
Mr. Ryan Wagner, VP, Institutional Client Service Executive

Financial Integrity Resources Management

Ms. Ishwarya Parameshwaran, Analyst
Ms. Runya Nie, Financial Integrity Resources Management

Public Visitors

Laura H. Atas, Esq., Deputy Treasurer for Public Policy, State Treasurer's Office

The Board of Trustees (the "Board") of the Maryland Teachers & State Employees Supplemental Retirement Plans ("MSRP") convened at 2:38 p.m. on March 4, 2022, via a Zoom video conferencing link and call-in line provided for that purpose. The publicly available meeting agenda and instructions for visitors to register and obtain the call-in information were posted on the MSRP website at least 24 hours prior to the meeting. A quorum of the Board was present.

I. BOARD CHAIR'S REMARKS

Board Chair Foster called the meeting to order, welcomed everyone, and advised that the purpose of the meeting was to review and consider recommendations related to the Plans' investments linked to Russia and also noted that the meeting was being recorded.

The Secretary of Budget and Management issued a memo on March 2, 2022 to all Cabinet Secretaries and Department Heads asking them to examine portfolios of contracts, agreements, MOUs, or any other arrangement which benefits, directly, or indirectly, the Russian government or businesses and suspend those operations immediately, in support of the people of Ukraine.

II. Investment Advisor's Assessments and Recommendations Concerning Plans' Investments Linked to Russia

Ms. Vanessa Vargas Guijarro presented MSRP Line- up Russia Exposure (Exhibit 1), highlighting the following:

- The Board may include in the Investment Contract Pool (ICP) restrictions on investments in Russian companies and organizations in the investment manager separate account guidelines. For mutual funds and commingled investment trusts, the investment guidelines are established by each investment manager and not by the MSRP Board, in accordance with MSRP's Investment Policy Statement (IPS).
- There is direct Russia exposure in the emerging markets asset class since Russia is listed as an emerging economy.
- American Funds Euro Pacific Growth active manager and Vanguard International allow emerging markets as part of their opportunity sets and potentially have direct exposure to Russia ties.
- As of March 9, 2022, MSCI – one of the largest index providers – will reclassify Russia out of the MSCI emerging market index as a standalone market.
- Segal has contacted each investment manager that manages strategies for the Plans' participants to calculate indirect and direct exposure. Segal's findings were reviewed by the Board.
- No new investments in Russia are likely. Even if managers want to divest, there is no market for these investments right now.

- Of the approximately \$6 billion in the Plans' assets, \$5.1 million (or approximately 0.19% as of December 31, 2021) may have exposure to Russia.

Mr. Lewis observed that, if Russian holdings are reclassified out of an index, passive managers must match the index; active managers must make their own determinations. Mr. Brandt noted that the Board, as the fiduciary that acts on behalf of MSRP participants, who select their own investments, has considered DBM's request. Based upon the current review provided by MSRP's Investment Advisor, no action would need to be taken by the Board. Mr. Brandt suggested that the Board provide a written response to DBM. Ms. Foster agreed and noted that the Board has met the request by holding the meeting and conducting a review for exposure; she further noted that a letter was a good idea and that there was currently no further action needed. The consensus of the Board was to continue to monitor the exposure for any warranted future action. Mr. Lewis raised the issue as to whether an amendment to the ICP needed to be contemplated by the Board.

III. Review Stable Value Fund Manager's Assessments and Recommendations Concerning Investment Contract Pool Investments Linked to Russia

Mr. Tony Luna noted that the ICP has no direct exposure to Russia. He also noted that, per guidelines provided to its subadvisors in the wrap providers, T. Rowe Price ("TRP") does not allow direct investments in Russia. Mr. Luna stated that TPR prohibits these investments in order to keep things "stable value appropriate," and many emerging markets are not appropriate and are not permitted because of credit quality constraints. He reported that Russia is not considered to be investment grade.

Ms. Durbin raised the question as to whether anything had been posted on the Nationwide website regarding potential questions participants might have relative to investments with exposure to Russia. Mr. Wrzesien responded by reporting that his team at Nationwide has been provided with talking points in anticipation of participants calling in with questions. He noted that the website has messaging that indicates that the investments are long-term and that participants should "stay the course," and that more Russia-specific messaging could certainly be looked at as website updates. Mr. Wrzesien stated that he and his team have received zero calls asking specifically about how much is being invested in Russia. They have received quite a few calls asking about the market and how it will react. The Nationwide call center has received a total of 10 to 15 calls in which Russia had been brought up by the participant, many of which mentioned Russia as part of a larger conversation. Ms. Wrzesien indicated that this was a very small number of calls, considering the thousands of daily calls received by the call center.

Ms. Zuckerman from Segal indicated that she was invited to attend the meeting in case there were any concerns or questions relative to the Board's fiduciary duties. She recommended that nothing specific be posted on the website, because it could be construed as investment advice and potentially jeopardize the participant-directed status of the Plans. Ms. Zuckerman advised that it was good to keep information available if participants ask and need a rough idea of what their investments look like. Mr. Brandt asked what the answer should be, should a participant call and ask what percentage of his/her investments had exposure to Russia. Ms. Vargas Guijarro responded that it would be a maximum of approximately 1% if they have investments in American Funds Euro Pacific Growth or Vanguard International.

Ms. Bell noted that she will send a letter from the Board, in response to Governor Hogan and Secretary Brinkley's Russia memorandum, advising that Russia exposure in the Plans is 1% or less and the Board will continue to monitor events for actions that potentially need to be taken, consistent with its fiduciary duties.

IV. ADJOURNMENT

At 3:18 p.m., upon motion by Mr. Brandt, and seconded by Mr. Hickey, the Board unanimously approved adjournment of the Open Session.