

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN

MEETING OF THE RETIREMENT PLAN COMMITTEE

December 10, 2019

A meeting of the Retirement Plan Committee (the "Committee") for the Frederick County Employees Retirement Plan (the "Plan") was held on Tuesday, December 10, 2019 at 1:00 p.m. in the Winchester Room on the 2nd Floor of Winchester Hall. Present in person were the following members of the Committee:

1. Human Resources Director: Wayne Howard
2. Director of Finance: Lori Depies
3. FOP Representative: Michael Easterday
4. IAFF Representative: John Neary
5. Member at Large: Michael Mills
6. Member at Large: Diane Fox

Absent from the meeting was Michael Marschner. Present at the meeting at the invitation of the Committee were Colin England, Geovani Forte and Alton Fryer of Bolton; and Mary Claire Chesshire with Whiteford, Taylor, & Preston, counsel to the County. Also present were Susan Keller, Diane Hoffman, Shanna Gibbons and Jenni Kimmel with Frederick County Government. Wayne Howard was Chair and Shanna Gibbons was Secretary of the meeting.

The Chair opened the meeting. Minutes from the November 12, 2019, meetings were reviewed and approved as is. Upon a motion duly made by Michael Mills and seconded by Wayne Howard, this motion was unanimously passed.

At 1:03 p.m., a motion was made by Lori Depies and seconded by Michael Mills to close the meeting pursuant to Maryland Annotated Code, General Provisions Article, Section 3-305(b)(1)(ii) to discuss a personnel matter that affects one or more individuals. Lori Depies, Michael Easterday, Diane Fox, and Michael Mills all voted in favor of the motion, Wayne Howard, Michael Marschner, and John Neary were absent, and there were no negative votes or abstentions.

During the closed session, the Committee hear an appeal of the decision regarding the request of Charlotte Oswald to change her form of benefit payment.

At 1:40 p.m., a motion to open the meeting was unanimously approved and Wayne Howard and John Neary joined the meeting.

Alton Fryer with Bolton distributed and reviewed the Asset Allocation – Frederick Co. Employees Retirement Plan dated December 9, 2019. As of December 9, 2019, the value of the Plan's assets was \$711,785,350.

Per the request of the Committee in the November meeting, Geovani Forte and Alton Fryer of Bolton distributed and presented the Asset Class Introduction – Frederick County, MD handout dated December 2019, to educate the Committee on the different asset classes; including an overview of what each class represents, their historical performance and whether diversifying our portfolio with all or some of these assets would benefit our plan or not. The Committee has requested more information regarding Private Equity and Private Real Estate. Bolton will provide this information at the February meeting.

Geneva Capital Management (Geneva), one of our mid-cap portfolio managers, notified Bolton that Geneva will be splitting from Janus Henderson and partnering with a private investor. Geneva will become a majority employee-owned organization. Investments and operating teams, and portfolio managers will remain the same. Geneva will be employing the same investment philosophy that we have grown accustomed to. Bolton does not see this transaction as a problem, in fact, they feel this is a beneficial move for Geneva because they will be completely independent and able to pursue their investment objectives without oversight from the larger corporation. This transaction also allows Geneva to be more involved with their investors. Wayne Howard received, signed and returned a consent letter acknowledging and agreeing to this transaction on behalf of the Committee.

Mary Claire Chesshire with Whiteford, Taylor, & Preston, discussed anticipated plan amendments:

1. Clarification of “Uniformed Employee.” – Need to ensure that inadvertent reclassifications of positions from “uniformed” to “non-uniformed,” or vice versa, does not result from updating the definition. John Neary will clarify the definition of “uniformed” in regards to Division of Fire & Rescue Services.¹
2. Addition of Pop-Up Form of Payment. – If a participant elects a joint and survivor option and the designated survivor dies before the participant, the participant continues to receive the lower benefit payment. A “pop-up” option allows the participant to select a joint and survivor option, but if the survivor dies before the participant, the benefit “pop-up” to the life annuity.
3. Actuarial factors. Bolton recommends revising the mortality tables to reflect updated tables.
4. Change in Consumer Price Index (CPI). Update the plan document to formally reflect the updated CPI approved at the September 12, 2019, meeting for adjusting a participant’s average compensation to determine earned income adjustments for disability benefits.
5. Refine County Administration and Retirement Plan Committee (Sections 11.2 and 11.3 as necessary to reflect duties and responsibilities – similar to analysis conducted for updates to the Trust Agreement. The Committee agrees this is something that should be done. Mrs. Chesshire will begin working on this.

¹ John Neary replied back to the Committee via email indicating that “...the issue about the “certification” language for the fire fighters, appears to be a misunderstanding on how the pension plan classification was set up. We do not need to make any plan amendment changes” to clarify this terminology.

Diane Hoffman distributed a copy of the email from Ciber, our pension technical support services vendor, identifying their projected cost and time to implement the new mortality assumptions and new individual optional forms (pop-up annuity options) Conversion Factors. If the Committee decides to implement either of these changes, an amendment will need to be submitted to Frederick County Council.

MOTION: The Committee considered the inclusion of a "Pop-Up Annuity" option for future retirees. Upon a motion duly made by Lori Depies and seconded by Wayne Howard, to recommend this to the Frederick County Council for their approval. This motion was unanimously passed.

MOTION: Upon a motion duly made by Lori Depies and seconded by Michael Mills, this motion was unanimously passed to recommend to the Frederick County Council the implantation of the updated actuarial factors (mortality rate and CPI) into the Plan.

Lori Depies informed the Committee that the memo regarding the Committee's recommendation to approve Findley as the awardee of the RFP for Pension Support Services is on County Executive's desk for her review.

There being no further business, the meeting adjourned at 3:40 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shanna Gibbons", written over a horizontal line.

Shanna Gibbons

Recording Secretary