

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN

MEETING OF THE RETIREMENT PLAN COMMITTEE

February 11, 2020

A meeting of the Retirement Plan Committee (the "Committee") for the Frederick County Employees Retirement Plan (the "Plan") was held on Tuesday, February 11, 2020 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. Retiree Representative: Michael Marschner
4. FOP Representative: Michael Easterday
5. IAFF Representative: John Neary
6. Member at Large: Michael Mills
7. Member at Large: Diane Fox

Present at the meeting at the invitation of the Committee were Alton Fryer with Bolton and Mary Claire Chesshire with Whiteford, Taylor, & Preston, counsel to the County. Also present were Diane Hoffman and Shanna Gibbons with Frederick County Government. Wayne Howard was Chair and Shanna Gibbons was Secretary of the meeting.

The Chair opened the meeting. Minutes from the January 14, 2020, meeting was reviewed and approved as it. Upon a motion duly made by Michael Mills and seconded by Michael Marschner, this motion was unanimously passed with the exception of Michael Easterday and John Neary, who were not present at this time.

Alton Fryer then presented the Investment Performance Review as of December 31, 2019, and an Asset Allocation update dated February 7, 2020. The S&P 500 rose 9.1% in the fourth quarter. The index's 2019 return of 31.5% was the second highest in this century. As of December 31, 2019, the value of the Plan's assets was \$727,289,837. Asset value as of February 7, 2020 was \$739,438,716. The Plan's quarterly return was 6.06% up from last quarter's return of -0.02% and ahead of the policy benchmark of 5.70%. The Plan's one-year return of 21.48% trails the policy benchmark of 21.81%, but is ahead of the 7.0% actuarial rate. The 3, 5, and 10-year returns still exceed the actuarial rate as well as the policy benchmark. The primary driver of outperformance was an overweight to domestic equity that has been created by the market's strong performance in 2019. Strong performance from the Fund's international investment manager also contributed to outperformance. Several managers, including Geneva and Stephens, underperformed their respective benchmarks for the quarter, but maintain strong long-term track records and has been removed from the Watch List.

Mary Claire Chesshire with Whiteford, Taylor, & Preston, informed the Committee that a Staff Report for the three proposed plan amendments has been provided to Wayne Howard and Lori Depies for their approval. It is expected that the Staff Report will be provided by March 1, 2020, to the County Executive to take action. Providing the amendments are approved by the County Executive, HR Staff will be pro-

active and inform participants that these changes are under serious consideration. The notices will include dates of the County Council meetings where they will discuss and/or vote on the proposed amendments. The Committee is anticipating these changes to be approved and effective on July 1, 2020. The Committee has encouraged Human Resources Staff to notify employees looking at retiring March 1, 2020, and later of these possible changes.

When the County Council has approved the proposed plan amendments, Human Resources Staff will notify all employees impacted by these changes prior to them taking effect. Human Resources Staff will also ensure terminology on enrollment and termination correspondence will be updated to reflect these changes, as well as implementation in the Retirement portion of New Hire Orientation and the Summary Plan Description to reflect the approved changes.

Wayne Howard updated the Committee on the status of the RFP for Outsourcing Pension to Findley. The RFP Committee has forwarded their recommendation to the County Executive for your approval. In the interim, PeopleSoft will be maintained on a month-to-month basis until Findley's pension system goes live. Anticipated go-live date is January 1, 2021.

Lori Depies informed the Committee that Bolton has provided an estimate for the FY21 Contribution ADC for the Plan. Based on the Funding Plan the ADC will be 14.4% of payroll since it is higher than the blended rate in our Funding Policy. The estimate is showing our Plan Funded Ratio as of July 1, 2019, would be 104.2.

The next Committee meeting will be held on Tuesday, March 10, 2020, at 1:00pm in the Winchester Room. This meeting will include Asset Class Training provided by Bolton.

There being no further business, the meeting adjourned at 2:34 p.m.

Respectfully submitted,



Shanna Gibbons
Recording Secretary