

MEETING MINUTES
FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN COMMITTEE
May 12, 2020

A virtual meeting of the Retirement Plan Committee (the “Committee”) for the Frederick County Employees Retirement Plan (the “Plan”) was held on Tuesday, May 12, 2020 at 1:00 p.m. via the Teams Meeting application. Present 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: Diane Fox
7. Member at Large: Michael Mills

Present at the meeting at the invitation of the Committee were Alton Fryer, Ann Sturner, Jim Ritchie and Michael Spadaro with Bolton; Mary Claire Chesshire with Whiteford, Taylor, & Preston, counsel to the County. Also present were Sheriff Chuck Jenkins, Steven Jones (President, IAFF Local 3666), Michael Cronise, Jesse Burriss, Ira Redman, Tim Selin, Susan Keller, Sophia Dobransky, Catherine DiGennaro, Diane Hoffman, Robert Goff and Shanna Gibbons with Frederick County Government. Shanna Gibbons was Secretary of the meeting.

The Chair opened the meeting. Minutes from the March 10, 2020, meeting was reviewed and approved as it. Upon a motion duly made by Michael Mills and seconded by Diane Fox, this motion was unanimously passed.

Lori Depies then briefed the Committee on the DROP (Deferred Retirement Option Program) in development for our Uniformed employees. This option provides the ability for eligible employees to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of up to three years.

Mary Claire Chesshire with Whiteford, Taylor & Preston then discussed the need to establish a separate retirement plan for Uniformed employees to include the separation of plan assets, establish a Master Trust, and reevaluating the dynamics of the FCERP Committee to ensure all parties are represented appropriately. It is expected that all will be effective July 2021 in conjunction with the Findley rollout. Mary Claire will draft documents to present to the Committee for review and feedback at the June meeting.

Lori Depies offered time for public comment. In response to whether further discussion of these changes will take place during the Frederick County Employees Retirement Plan (FCERP) Committee meetings or in a separate meeting, all proposed documents and reorganizational matters applicable to the FCERP will take place during FCERP Committee meetings.

Alton Fryer with Bolton then presented the *Investment Performance Review as of March 31, 2020*; a current *Asset Allocation update dated May 11, 2020*; and a snapshot of the *Year to Date Market Performance as of May 7, 2020*.

As of March 31, 2020, the value of the Plan's assets was \$620,820,847 down from \$727,289,837. However, the plan value as of May 11, 2020, was \$680,472,774. The Plan's quarterly return was -14.70% down from last quarter's return of 6.06% and behind the policy benchmark of -14.32%. The Plan's fiscal year return of -9.54% trails the policy benchmark of -8.42%. The 10-year return still exceeds the actuarial rate as well as the policy benchmark. The primary driver of underperformance was an overweight to domestic equity that has been created by the market's strong performance in 2019. Seven out of eight active equity managers outperformed their benchmarks for the quarter. Bolton recommends placing LSV Large Cap Value on the watch list due to significant underperformance and will recommend replacement if performance does not improve. In fixed income, the allocation to short-term helped mitigate some of the underperformance of the active fixed income managers relative to the benchmark. It should be noted that both active fixed income managers still rank in the top third relative to their peers for the quarter.

Mary Claire Chesshire provided an update on the proposed plan amendments (Addition of Benefit Payment option aka Pop-up Option; Update to Plan's Mortality Table and Interest Assumptions; and Change to Consumer Price Index Used to Calculate Earned Income Offsets). Proposed plan amendments are scheduled to go in front of the County Council for:

- Workshop on June 9, 2020;
- First Reader on June 16, 2020;
- Second Reader/Public Hearing on July 7, 2020; and
- Third Reader/Adoption on July 21, 2020.

Bolton will discuss the Actuarial Valuation and Projections at the June meeting.

The next Committee meeting will be held on Tuesday, June 9, 2020, at 1:00pm in the Winchester Room.

There being no further business, the meeting adjourned at 2:33 p.m.

Respectfully submitted,



Shanna Gibbons
Recording Secretary