

MEETING MINUTES
FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN COMMITTEE
April 13, 2021

A virtual meeting of the Retirement Plan Committee (the “Committee”) for the Frederick County Employees Retirement Plan (the “Plan”) was held on Tuesday, April 13, 2021 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. Member at Large: Diane Fox
5. Member at Large: Michael Mills

Absent from the meeting were Michael Easterday and John Neary. Present at the meeting at the invitation of the Committee were Patrick Wing with Marquette Associates (“Marquette”); Ann Sturner, Jim Ritchie and Jordan McLane with Bolton; and Mary Claire Chesshire with Whiteford, Taylor, & Preston. Also present were Erin White, Robert Goff, Susan Keller, and Shanna Gibbons with Frederick County Government; and Rowen D, Journalist. Shanna Gibbons was Secretary of the meeting.

The Chair opened the meeting. Minutes from the March 9, 2021, meeting were reviewed and approved as is. Upon a motion duly made by Diane Fox and seconded by Michael Mills, this motion was unanimously passed.

Patrick Wing with Marquette Associates (“Marquette”) presented the Asset Allocation Study and Investment Policy Discussion. Multiple strategies and considerations were made based on projections compiled by Marquette and third-party survey companies, and in accordance with the education provided to the Committee over the past few months. The Committee has decided not to make decisions on changing asset allocations at this time. Marquette will use the existing Investment Policy Statement (IPS) and track proposed changes for the Committee to review. Committee will discuss and make decisions over the course of the next few months. First draft will be delivered prior to the May meeting for review.

MOTION: The Committee has given Marquette permission to make changes to the IPS to include long-term strategic asset allocation targets and ranges; permissible asset classes and investment guidelines; and ensuring best practices. Any decisions that need to be made by the Committee will be left blank for this first draft. Upon motion made by Lori Depies and seconded by Michael Marschner, this motion was unanimously passed.

Mr. Wing went on to present an Asset Value Update. As of April 9, 2021, total plan assets were \$897,376,818. Marquette proposes the following rebalancing of assets:

- Remove \$18,500,000 from US Equities (\$8,500,000 from Geneva Mid-Cap Growth and \$10,000,000 from Stephens Small Cap Growth Strategy)
- Invest \$18,500,000 to US Fixed Income (all to Vanguard Short-Term Bond Index Fund Inst)

MOTION: The Committee has given Marquette permission to begin the rebalancing within our asset target ranges to put us back in balance with our IPS as it is currently written. Upon motion made by Lori Depies and seconded by Michael Mills, this motion was unanimously passed.

Ann Sturner, Jim Ritchie and Jordann McLane with Bolton then presented the Frederick County Employees' Retirement Plan – Six-Year Projections of Estimated Pension Plan Contributions dated March 3, 2021. Bolton has projected the County's contributions to the Plan for the next six years under three investment return scenarios:

1. Assets earn the valuation assumption of 7.00% during the projected period,
2. Assets earn 3.20% during the projection period, and
3. Assets earn 17.0% for FY2021, -13.2% for FY2022, and 6.5% thereafter.

The Committee has requested that Bolton provide a Scope of Work including a budget breakdown to include an analysis of what other jurisdictions are doing during this time of higher returns and better funded plans so a better educated discussion can be made on whether or not the Committee should consider decreasing the discount/target rate from 7.00% to something lower. Including the impact analysis of a plan enhancement (COLA) is requested, as well.

Mary Claire Chesshire with Whiteford, Taylor, & Preston, then presented an updated version of the Master Trust Agreement Between Frederick County, Maryland and Lori L. Depies, Trustee, to include the establishment of one trust account with the assets of each underlying trust separately reported and accounted for; the Trust Agreement for the Frederick County Employees Retirement Plan; and the Trust Agreement for the Frederick County Uniformed Employees Retirement Plan.

MOTION: The Committee has approved the amendment to the Employees Trust Agreement; adoption of the Frederick County Uniformed Employees Retirement Plan; and the adoption of a Master Trust Agreement encompassing both of the underlying Trusts. Upon motion made by Diane Fox and seconded by Michael Mills, this motion was unanimously passed.

Ms. Chesshire provided an update on the plan documents submitted for approval. They are scheduled to go before the County Council for approval.

Robert Goff mentioned that 2020 Annual Retirement Statements will be sent to active participants within in the next week or two.

Susan Keller provided an update on the contracts related to the separation/adoption of the Plan. All contracts are underway with the exception of Empower. Ms. Keller is awaiting advice from the County Attorney before proceeding.

The next Committee meeting will be a virtual meeting held on Tuesday, May 11, 2021, at 1:00pm via Microsoft Teams.

There being no further business, the meeting adjourned at 2:38 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Shanna Gibbons', is written over a light gray rectangular background.

Shanna Gibbons
Recording Secretary