

## MEETING MINUTES

### FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN COMMITTEE

August 10, 2021

A virtual meeting of the Retirement Plan Committee (the "Committee") for the Frederick County Employees Retirement Plan (the "Plan") was held on Tuesday, August 10, 2021, at 1:00 p.m. via the Teams Meeting application. Present were the following members of the Committee:

1. Human Resources Director: Wayne C. Howard
2. Finance Director: Erin White
3. Retiree Representative: Michael Marschner
4. FOP 102 (Law Enforcement) Representative: Jeffrey Hyatt
5. IAFF Representative: John Neary
6. Member at Large: Michael Mills

Absent from the meeting were Michael Bird and Diane Fox. Present at the meeting at the invitation of the Committee were Patrick Wing with Marquette Associates ("Marquette"); Jim Ritchie with Bolton, Mary Claire Chesshire with Whiteford, Taylor, & Preston. Also present were Robert Goff, Susan Keller, Shanna Gibbons and Lori Depies with Frederick County Government; and Kevin Balaod, Journalist. Wayne Howard acted as Chair and Shanna Gibbons was Secretary of the meeting.

The Chair opened the meeting. Minutes from the July 13, 2021, the Committee acknowledges minutes were reviewed and approved with one correction (correct spelling of Counsel, not Council, on page 2, fifth paragraph). John Neary and Michael Mills abstained. Jeffrey Hyatt was not present for this vote.

Mary Claire Chesshire with Whiteford, Taylor, & Preston suggested incorporation of a policy allowing proxies. The Committee agreed.

The Committee then revisited the term limits alignment between the Retirement Committee and OPEB Committee conversation. The Committee agreed that it would be easier to align term limits and recommended Michael Mills to serve on the OPEB Committee. The Committee also agreed that having one of the Uniformed Representatives serve on the OPEB Committee would provide a good balance and representation of all members. The Committee will decide at the September meeting which member they would like to recommend to serve on the OPEB Committee.

**MOTION:** The Committee agreed to recommend Michael Mills to serve on the OPEB Committee until July 1, 2023. Upon a motion duly made by Michael

Marschner and seconded by Erin White, this motion was unanimously passed. Jeffrey Hyatt was not present for this vote.

Patrick Wing from Marquette presented the *Frederick County, Maryland - Employee's Retirement Plan Trust | Quarterly Performance Report as of June 30, 2021*. As of June 30, 2021, the value of the Plan's assets was \$928.7 million. The Plan's investment had a gain of \$51.6 million and a quarterly return was 5.8% (net) versus the policy index of 5.3%. Fiscal YTD return of 27.7% (net) versus policy index of 27.0%. Positive attributions for the quarter were primarily from: overweight to equities and corresponding underweight to fixed income; outperformance by active U.S. equity small-cap managers; and outperformance by American Funds EuroPacific Growth. Negative attribution for the quarter from: fixed income structure. Segal, Bryant & Hamill ("Segal") remains on the Watch List due to organizational issues.

Mr. Wing went on to present the *Frederick County - Pension | Asset Value Update* dated August 10, 2021. Total Asset Value as of August 6, 2021, was \$942,471,790. Due to an overweight in Equities, the following rebalancing recommendation was made: moving \$22.5 million (\$7.5 million from each Geneva Mid-Cap Growth, Neuberger Berman Intrinsic Value R6, and Stephens Small Cap Growth Strategy) from U.S. Equity and put it in U.S. Fixed Income (\$15 million to PIMCO Total Return Fund Inst and \$7.5 million to Vanguard Short-Term Bond Index Fund Inst).

**MOTION:** The Committee agreed to the rebalance recommended by Marquette with the direction to split the funds going to U.S. Fixed Income as follows: (\$12.5 million to PIMCO Total Return Fund Inst and \$10 million to Vanguard Short-Term Bond Index Fund Inst. Upon a motion duly made by Michael Marschner and seconded by Erin White, this motion was unanimously passed.

Mr. Wing then presented the *Frederick County - Pension | Education Review* dated August 10, 2021, highlighting fiduciary considerations, asset allocations, asset class structure and investment manager selection. In future meetings we can expect to revisit Private Equity and Infrastructure education; revisit the Asset Allocation study; Investment Policy Statement update; and begin investment manager searches (private equity and infrastructure, if necessary; non-U.S. equity value manager search (possibly add index fund); simplify U.S. equity structure (possibly add more indexing) and review managers; and review fixed income structure and review managers).

Mary Claire Chesshire discussed the changes made to the Funding Policy including but not limited to referencing both retirement plans, though, funding policy for each plan will need to be evaluated separately; added reference to the new pop-up option in our benefit designation forms; and allowing the Chair of the Committee to sign on behalf of the Committee after review and formal motion to approve changes take place.

**MOTION:** The Committee approved the Funding Policy for both the Frederick County Employees Retirement Plan and the Frederick County Uniformed Employees Retirement Plan as proposed by Counsel. Upon a motion duly made by Erin White and seconded by Michael Mills, this motion was unanimously passed.

The next Committee meeting will be a virtual meeting held on Tuesday, September 14, 2021, at 1:00pm via Microsoft Teams.

There being no further business, the meeting adjourned at 2:58 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Shanna Gibbons".

Shanna Gibbons  
Recording Secretary