

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

April 12, 2022

A joint meeting of the Retirement Plan Committees for the Frederick County Employees Retirement Plan (the “Employees Plan”) and the Frederick County Uniformed Employees Retirement Plan (the “Uniformed Employees Plan”) (jointly, the “Committees” and the “Plans”) was held on Tuesday, April 12, 2022 at 1:00 p.m. via a virtual Teams meeting. 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: Jeff Hyatt
5. FOP 102A (Corrections) Representative: Michael Bird
6. IAFF Representative: John Neary
7. Member at Large: Diane Fox
8. Member at Large: Michael Mills

Present at the meeting at the invitation of the Committee were Patrick Wing with Marquette Associates (“Marquette”); Ann Sturner, Jordan McClane and Jim Ritchie with Bolton; and Mary Claire Chesshire with Whiteford, Taylor, & Preston. Also present were Robert Goff and Shanna Gibbons with Frederick County Government. Wayne Howard was Chair and Shanna Gibbons was the Recording Secretary.

The Chair opened the meeting. Minutes from the March 8, 2022, meeting were reviewed and approved as is. Upon a motion duly made by Michael Mills and seconded by Michael Marschner, this motion was unanimously passed. Michael Bird was absent for this vote.

Patrick Wing from Marquette presented the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Asset Value Update dated April 11, 2021*. As of April 11, 2022, the value of the Plan’s assets was \$886,563,003.

Mary Claire Chesshire with Whiteford, Taylor, & Preston then asked for a motion to approve the revised Plan Procedures for the Non-Uniformed Plan and the new Plan Procedures drafted for the Uniformed Plan.

MOTION: The Committee agreed to adopt the *Frederick County Uniformed Employees Retirement Plan Policy Concerning the Payment of Benefits Under Domestic Relations Order* (“QDRO Policy”). Upon a motion duly made by John Neary and seconded by Erin White, this motion was unanimously passed.

MOTION: The Committee agreed to adopt the following procedures as presented:

- *Frederick County Employees Retirement Plan Procedures for Determining Entitlement to Rights, Status or Benefits;*
- *Frederick County Uniformed Employees Retirement Plan Procedures for Determining Entitlement to Rights, Status or Benefits;*
- *Bylaws of Frederick County Uniformed Employees Retirement Plan Committee;*
- *Frederick County Employees Retirement Plan Procedures for Determining Entitlement to Disability Benefits; and*
- *The Frederick County Uniformed Employees Retirement Plan Procedures for Determining Entitlement to Disability Benefits.*

Upon a motion duly made by Michael Marschner and seconded by Diane Fox, this motion was passed 7 to 1.

The Committee continued the discussion of the adoption of the *Frederick County Uniformed Employees Retirement Plan Procedures for Determining Entitlement to Disability Benefits* and is open to further discussion at the May Committee Meeting to address John Neary’s concerns with this document.

Ann Sturner, Jim Ritchie and Jordan McClane with Bolton presented the *Frederick County Retirement Plans – Study to Revise the Cost-of-Living Adjustment (COLA)* letter dated April 8, 2022. This letter provided the following information to the Committee regarding their consideration of replacing the current 1.0% annual COLA provided to “in-pay individuals” in the Plans with a COLA based on the annual change in the Consumer Price Index (CPI):

Based on the current plan provisions, the 2021 Valuation Report assumed that all future annual COLAs after July 1, 2022, would be equal to 1.0%. Bolton presented two alternatives:

- **Alternative 1:** COLA equal to increase in CPI, capped at 2%, floor of 0%.

The Non-Uniformed plan ADC increases substantially. However, there is no impact on the FY2023 funding policy contribution because the plan is over 100% funded resulting in the Funding Policy Contribution being equal to two times the employee contributions as a percentage of payroll before and after the change.

The estimated dollar amount of the Uniformed plan ADC would increase by over 35% while the estimated dollar amount of the funding policy contribution would increase by over 65%. The larger estimated increase in the funding policy contribution is due

to the additional contribution required under the funding policy when the funded status of the plan decreases below 95%.

- **Alternative 2:** COLA equal to increase in CPI, capped at 3%, floor of 0%.

The Non-Uniformed plan ADC after the change would more than double than the contribution before the change and would exceed two times the employee contributions as a percentage of payroll. Thus, the funding policy contribution would increase by over 25%.

The Uniformed plan ADC would increase by over 60%, and the funding policy contribution would more than double due to the additional contribution required under the funding policy when the funded status of the plan decreases below 95%.

If a new COLA provision is adopted before the 2022 valuation, then it would first be reflected in the 2022 valuation, which will develop the County's contribution for FY2024. As proxy for that impact, Bolton measured the estimated impact on the 2021 valuation results. That same data, assumptions, methods and plan provisions were used to calculate the FY2023 contribution in the 2021 actuarial valuation reports dated March 22, 2022.

Bolton assumed that COLAs for both current and future in-pay participants for each alternative would be:

- **Alternative 1:** 1.75%
- **Alternative 2:** 2.25%

Bolton's analysis incorporates the following considerations:

- The new COLA will be effective July 1, 2023.
- The COLA will have a floor of 0% each year, and there will be no recoupment of a negative COLA in subsequent years.
- The CPI basis will be the March over March ratio of the CPI-W, Washington-Arlington-Alexandria, DC-VA-MD-WV, since the plan already uses this index for certain circumstances for participants receiving non-catastrophic line-of-duty disability benefits.

The Committee has asked that Bolton provide a scope of work to include a fee schedule to prepare the COLA projections prior to the May Committee Meeting. It was also asked that a compilation of the letter presented today and previously presented documents be combined into a report for presentation to the County Executive upon the Committees approval.

Erin White provided the opportunity for public comment. There was none.

The next Committee meeting will be in-person at Winchester Hall (12 E Church St, Frederick, MD 21701) on Tuesday, May 10, 2022, at 1:00pm.

There being no further business, a motion was made to end the meeting by Michael Mills and seconded by Diane Fox, this motion was unanimously passed and the meeting adjourned at 3:54 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