

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES
November 9, 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 Wednesday, November 9, 2022, at 1:00 p.m. in the Winchester Room at Winchester Hall. Present in person were the following members of the Joint Retirement Committees:

1. Human Resources Director: Wayne C. Howard
2. FOP 102A (Corrections) Representative: Michael Bird
3. Member at Large: Michael Mills
4. Member at Large: Diane Fox

Committee Members present via Microsoft Teams were:

1. Finance Director: Erin White
2. IAFF Representative: John Neary
3. Retiree Representative: Michael Marschner

Absent from the meeting were: FOP 102 (Law Enforcement) Representative: Jeff Hyatt.

Also present at the invitation of the Committee were: Patrick Wing and Junnor Shin with Marquette Associates ("Marquette"), in person; and Mary Claire Chesshire with Whiteford, Taylor & Preston, and Ann Sturner with Bolton, via Microsoft Teams. Additionally, Bob Goff, Susan Keller, and Shanna Gibbons with Frederick County Government, in person; and two guests via Microsoft Teams. Wayne Howard was Chair and Shanna Gibbons was the Recording Secretary.

The Chair opened the meeting. Minutes from the October 11, 2022, meeting were reviewed and approved with the following changes: Lori Depies was listed as attending the meeting in person. Ms. Depies actually attended the meeting virtually; on page 2, paragraph 3, second sentence should read, "It was decided that they will invest in two Infrastructure Funds: IFM and Brookfield."; page 2, paragraph 4, second sentence should read, "It was decided that they will invest in two Infrastructure Funds: IFM and

Brookfield.”; and on page 3, last paragraph, first sentence, the word “unanimously” should be removed as the selections were not all unanimous. Upon a motion duly made by Michael Mills and seconded by Diane Fox, this motion was unanimously passed. Michael Bird abstained.

Closed Minutes from the October 11, 2022, meeting were reviewed and approved with the following change: John Neary was listed as attending the meeting in person. Mr. Neary actually attended the meeting virtually. Upon a motion duly made by Diane Fox and seconded by Michael Marschner, this motion was unanimously passed. Michael Bird abstained.

Patrick Wing with Marquette introduced his colleague, Junnor Shin, then presented the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Quarterly Performance Report dated September 30, 2022*. As of September 30, 2022, the value of the Plan’s assets was \$766.0 million. The Plan’s investment had a loss of \$33.9 million and a quarterly return was (-4.3%) (net) versus the policy index of (-4.8%). Positive attributions for the quarter were primarily from: asset allocation, outperformance by most active equity managers, and by fixed income structure and outperformance by Segall, Bryant & Hamill. Negative attribution for the quarter from: underperformance by Stephens within US Equities and underperformance by PIMCO within Fixed Income.

Mr. Wing presented the first *Frederick County, Maryland – Defined Benefit DROP Plan | Quarterly Performance Report dated September 30, 2022*. As of September 30, 2022, the value of the Plan’s assets was \$443K. Target Date Funds as of September 30, 2022: 25.6% of Plan assets. Active Equity Manager performance: most active equity managers underperformed their respective benchmarks. Active Fixed Income Manager performance: Dodge & Cox beat its benchmark. Target Date Funds: performance was mixed as funds closer to the Target Retirement Date underperformed, while the funds further away from the target retirement date largely outperformed; and longer-term results are strong across the series.

The Committee would like to continue to see quarterly reports for the DROP Plan.

Mr. Wing reviewed the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Asset Allocation dated November 9, 2022*, with the Committee. In October, the Committee agreed to add a 6% target to Global Infrastructure. The following options were presented

to the Committee to determine where those funds will be sourced from and the impact of this decision on the total Fund:

- Leaving the Fund as it is;
- Portfolio A – adds 6% to Global Infrastructure, sourced from equities;
- Portfolio B – adds 6% to Global Infrastructure, sourced from both equities and fixed income; or
- Portfolio C – adds 6% to Global Infrastructure, sourced from fixed income.

After thorough discussion, the Committee has directed Marquette fund Global Infrastructure from both equities and fixed income (“Portfolio B”). This decision will be included in the Investment Policy Statement (IPS) before finalizing and submitting for signature.

Mr. Wing went on to review the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Asset Value Update dated November 7, 2022*, with the Committee. As of November 7, 2022, the value of the Plan’s assets was \$794,287,738. No rebalancing recommendation was presented.

Moving on, Mr. Wing then went on to review updates to the IPS. Based on the Committee’s decision to incorporate Portfolio B the following allocations were decided and will be incorporated into the IPS:

Asset Allocation Policy			
Asset Class	Range	Target	Benchmark
Equities	52-72%	62%	
U.S. Large-Cap Equities	25-45%	35%	S&P 500 Index
U.S. Mid-Cap Equities	0-18%	9%	Russell Midcap Index
U.S. Small-Cap Equities	0-16%	8%	Russell 2000 Index
International Equities	0-20%	10%	MSCI ACWI ex U.S. Index
Global Infrastructure	0-12%	6%	CPI +3%
Fixed Income	21-41%	31%	Bloomberg Aggregate Bond Index
Cash	0-5%	1%	BoAML 91-Day T-bill Index

MOTION: The Committee agreed to the incorporate Global Infrastructure among our asset classes and revise the allocations as noted in the above table. Upon a motion duly made by Erin White and seconded by Michael Mills, this motion was unanimously passed.

Erin White provided an update to the Joint Retirement Committee Members regarding the proposal to the County Executive revising the COLA Provision for the retirees of the Frederick County Employees Retirement Plans. The County Council approved this on October 25, 2022.

The Chair provided the opportunity for public comment. There was none.

At 2:31 p.m., a motion was made by Erin White and seconded by Diane Fox to close the meeting pursuant to Maryland Annotated Code, General Provisions Article, Section 3-305(b)(1)(ii) to discuss a personnel matter that affects one or more individuals. Wayne Howard, Erin White, Michael Marschner, John Neary, Michael Bird, Diane Fox, and Michael Mills all voted in favor of the motion, Jeff Hyatt was absent, and there were no negative votes or abstentions. Counsel to the County and County staff remained in the meeting.

During the closed session, the Committee discussed the recommendations presented to the County Executive to fill two expiring positions and one new position. It was decided that Michael Gastley will fill the newly created second Retiree Representative position.

At 2:40 p.m., a motion to reopen the meeting was unanimously approved.

The next Committee meeting for the Frederick County Employees Retirement Plan and Frederick County Uniformed Employees Retirement Plan Committee will be held in-person at Winchester Hall (12 E Church St, Frederick, MD 21701) with a virtual call-in option on Tuesday, December 13, 2022.

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 3:15pm.

Respectfully submitted,



Shanna Gibbons

Recording Secretary