

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

August 8, 2023

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, August 8, 2023, at 1:00 p.m. in the Winchester Room at Winchester Hall. Present in person were the following members of the Joint Retirement Committees:

- Shannon D. Powell, Human Resources Acting Director
- Erin White, Finance Director
- Michael Gastley, Retiree Representative

Committee Member(s) attending virtually via Microsoft Teams:

- Michael Bird, FOP 102A (Corrections) Representative
- Daniel Lewis, Member at Large
- Michael Mills, Member at Large

Committee Member(s) absent from the meeting:

- Douglas Browning, Retiree Representative
- Jeff Hyatt, FOP 102 (Law Enforcement) Representative
- John Neary, IAFF Representative

Also present at the invitation of the Committee were: Patrick Wing with Marquette Associates (“Marquette”), in person; and Mary Claire Chesshire with Whiteford, Taylor & Preston, and Jim Ritchie with Bolton virtually via Microsoft Teams. Additionally, John Peterson, Robert Goff, and Shanna Gibbons with Frederick County Government, in person; and Susan Keller with Frederick County Government, and three guests virtually via Microsoft Teams. Shannon Powell was Chairperson and Shanna Gibbons was the Recording Secretary of this meeting.

The Chair opened the meeting. The Meeting Minutes from the July 17, 2023, meeting was reviewed and approved as presented. Upon a motion duly made by Erin White and seconded by Michael Gastley, there being no opposition this motion was unanimously passed.

The Chair made an announcement for the record to advise the public that should there be any question regarding the way the Plan's investments are handled to contact the Plan's Advisor, Patrick Wing with Marquette. At no point should the Committee Members be directly contacted concerning this information.

Patrick Wing with Marquette then introduced his guests, John O'Shea and Brian Hobin, representing Loomis Sayles ("Loomis").¹ Loomis presented *Frederick County Employee's Retirement Plan dated August 8, 2023*, which provided an overview of their strategies and performance, reviewed our current investments within their portfolio, as well as a provided a snapshot of their 2023-Q2 Growth Equity Strategies Team - Large Cap Growth including performance overview. This presentation also addressed the concerns the Committee had on the recent change recommended by Loomis to increase the maximum permissible sector weights from 2x the index weight to 3x the index weight. The Committee did not have any questions for the presenters. After the Loomis Representatives left the call, the Committee had an in-depth discussion, determining that the investment constraints should be amended to reflect 3x the sector weights.

MOTION: The Committee agreed to the Loomis recommendation to increase the maximum permissible sector weight to 3x the index weight. Upon a motion duly made by Erin White and seconded by Michael Gastley, this motion was unanimously passed.

Mr. Wing presented the *Frederick County, Maryland - Employee's Retirement Plan Trust | Quarterly Performance Report dated June 30, 2023*. As of June 30, 2023, the value of the Plan's assets was \$896.9 million. The Plan's had a net investment change of \$35.1 million and a quarterly return of 4.0% (net) versus the policy index of 4.0%. The Plan's FYTD return was 12.1% (net) versus the policy index of 10.9%. Positive attribution for the quarter was primarily from: outperformance by Non-U.S. equity managers and the fixed income structure. Negative attribution for the quarter from: asset allocation.

¹ John O'Shea and Brian Hobin with Loomis Sayles attended the meeting virtually via Microsoft Teams and left the meeting after their presentation.

Mr. Wing then presented the first *Frederick County, Maryland – Defined Benefit DROP Plan | Quarterly Performance Report dated June 30, 2023*. As of June 30, 2023, the value of the Plan’s assets was \$924K. Target Date Funds as of June 30, 2023: 31.8% of Plan assets. Active Equity Manager performance: most active equity managers outperformed 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.

Mr. Wing went on to discuss the *Frederick County - Pension | Active Core Fixed Income Manager Options dated August 8, 2023*, with the Committee. The Committee was reminded that in July, an investment manager search book for active core fixed income was reviewed and the Committee narrowed the list from five to four managers. To help aid the Committee in narrowing the list, Marquette provided a scoring matrix ranking Annual Turnover (5%), Fees (30%), Historical Returns (20%), Historical Risk-Adjusted Returns (15%), Historical Equity Beta (20%), and Historical Excess Correlations to SBH (10%) for Baird, Federated, GW&K, and Lord Abbett. After extensive discussion, the Committee selected to interview Baird and Federated. Marquette will arrange to have them present at the September meeting.

Mr. Wing then reviewed the *Frederick County – Pension | Asset Value Update dated August 4, 2023*, with the Committee. As of August 4, 2023, the value of the Plan’s assets was \$897,924,599. No recommendation to rebalance was made at this time.

In the July meeting the Committee requested that the Plan Attorney, Mary Claire Chesshire prepare this legislation to revert the vesting period of the non-uniformed plan back to a 5-year vesting period for recommendation to the County Council through the County Executive. A draft amendment was brought to the Committee for review.

MOTION: The Committee has approved this draft amendment and recommended that it be prepared for the County Executive’s approval to then be forwarded to the County Council for acceptance. Upon a motion duly made by Michael Mills and seconded by Erin White, this motion was unanimously approved.

The Chair 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) with a virtual call-in option on Tuesday, September 12, 2023, at 1:00pm.

There being no further business, a motion was made to end the meeting by Michael Mills and seconded by Michael Gastley, there being no opposition this motion was unanimously passed, and the meeting adjourned at 2:51pm.

Respectfully submitted,



Shanna Gibbons
Recording Secretary