

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

November 14, 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, November 14, 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:

- Emily C. Fiftal, Human Resources Division Director
- Erin White, Finance Division Director
- Michael Gastley, Retiree Representative
- John Neary, IAFF Representative
- Michael Mills, Member at Large

Committee Member(s) attending virtually via Microsoft Teams:

- Douglas Browning, Retiree Representative
- Daniel Lewis, Member at Large

Committee Member(s) absent from the meeting:

- Michael Bird, FOP 102A (Corrections) Representative
- Jeff Hyatt, FOP 102 (Law Enforcement) Representative

Also present at the invitation of the Committee were: Patrick Wing with Marquette Associates ("Marquette"), in person; and Jim Ritchie and Jordan McClane with Bolton; Mary Claire Chesshire with Whiteford, Taylor & Preston; and Matt Brann with Empower, virtually via Microsoft Teams. Additionally, Robert Goff, Susan Keller, and Shanna Gibbons with Frederick County Government, in person; and three guests virtually via Microsoft Teams. Emily Fiftal was Chairperson and Shanna Gibbons was the Recording Secretary of this meeting.

The Chair opened the meeting at 12:59pm. The Meeting Minutes from the October 10, 2023, meeting was reviewed and approved as presented. Upon a motion duly made by Michael Mills and seconded by Michael Gastley, there being no opposition this motion was unanimously passed.

Mr. Wing presented the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Quarterly Performance Report dated September 30, 2023*. As of September 30, 2023, the value of the Plan’s assets was \$872.1 million. The Plan’s had a net investment loss of \$26.0 million and a quarterly return of (-2.9)% (net) versus the policy index of (-3.6)%. Positive attribution for the quarter from: outperformance by most active U.S. equity managers and the fixed income structure. Negative attribution for the quarter from: underperformance by non-U.S. equity managers.

Mr. Wing then reviewed the *Frederick County – Pension | Asset Value Update dated November 10, 2023*, with the Committee. As of November 10, 2023, the value of the Plan’s assets was \$881,636,479. No recommendation to rebalance was made at this time. Though there were no rebalance recommendations made, it was brought to the Committee’s attention that due to some of the approved transactions made over the past twelve months or so there are some accounts at Wilmington Trust that still have nominal cash amounts remaining. Funds that are set to be liquidated sit in a cash account for a brief holding period before completion of the transfer and can collect interest during this holding period. The only funds withdrawn from the cash account are the approved amounts set by the Committee therefore leaving residual funds in the account. Marquette is recommending that the Committee consider moving the remaining cash out of the closed accounts into the Baird account. The current cash accounts with larger residual amounts remaining are the Vanguard ST Bond (\$126,844) and PIMCO Agg (\$127,303). The Baird account has approximately \$222,119.

MOTION: Upon a motion duly made by Michael Mills and seconded by Erin White, per Marquette’s recommendation, the residual funds (approx. \$349,000) from the closed accounts will be moved to the Baird cash account. This motion unanimously passed. Doug Browning was not present during this vote.

MOTION: It was further recommended by Marquette to use the combined cash in the Baird account to make an additional purchase of the Baird Aggregate Bond fund. Upon a motion duly made by Michael Mills and seconded by Micheal

Gastley, this motion was unanimously approved. Doug Browning was not present during this vote.

After additional discussion, it was determined that after the funds have been moved from the closed accounts to the Baird account, there may still be remaining monies in the liquidated accounts from interest/dividends earned. Going forward the Committee would like to move any funds from the closed accounts to the Baird account until they have a \$0 balance. The zero balance accounts will be closed. The Committee will decide where the accumulated funds in the Baird account will go at a future meeting.

MOTION: The Committee approved liquidating the closed funds' cash accounts each month until they reach a \$0 balance. This money will be moved to the Baird cash account for the Committee to determine where to invest it at a later date. Upon a motion duly made by Michael Mills and seconded by Michael Gastley. This motion was unanimously approved.

The floor was then given to Matt Bran with Empower to discuss the health of the DROP Plan. Mr. Brann presented the *Frederick County Uniformed Employees Retirement Plan | Plan Performance Insights as of 9/30/ 2023*. As of September 30, 2023, there were 14 participants with a balance, 11 of which are active and 3 have separated from service but still have a balance remaining in the plan. Combined participant total assets of \$1,020,035. The average account balance for all participants that have a balance is \$72,860. This is above the benchmark by \$31,958 and is below the top 10% of peers by \$151,149. Investment strategy utilization is primarily the Do-It-Yourself strategy with 57.1% of participants classified as using this strategy. Asset Allocation is the asset class that holds the largest share of participant assets. \$323,305 is invested in Asset Allocation which represents 31.7% of participant assets. Year-to-date participant activity shows there have been a net activity of \$351,998.

The floor was then given back to Mr. Wing to present the *Frederick County, Maryland – Defined Benefit DROP Plan | Quarterly Performance Report dated September 30, 2023*. As of September 30, 2023, the value of the Plan's assets was \$1.0 million. Target Date Funds as of September 30, 2023: 31.7% 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: Q3 performance was strong across the series and longer-term results remain strong across the series.

Erin White reminded the Committee that the two pieces of legislation approved to be recommended to the County Executive at the last meeting have been approved and will be presented to the County Council tonight during their workshop. The bills were to revise the DROP in accordance with the Firefighters MOU that was approved in March 2023 and to revert the non-uniformed employees vesting period to 5 years.

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, December 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 2:31pm.

Respectfully submitted,

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

Shanna Gibbons

Recording Secretary