

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

February 13, 2024

REVISED

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, February 13, 2024, at 1:00 p.m. virtually via Microsoft Teams. Present 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
- Michael Bird, FOP 102A (Corrections) Representative
- John Neary, IAFF 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
- ~~• Daniel Lewis, Member at Large~~

Also present at the invitation of the Committee were: Patrick Wing with Marquette Associates (“Marquette”); Jim Ritchie and Jordan McClane with Bolton; Mary Claire Chesshire with Whiteford, Taylor & Preston; John Peterson, Susan Keller, Robert Goff, Shanna Gibbons, and Angela Baldwin with Frederick County Government; and two 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 1:00pm. The Meeting Minutes from the January 9, 2024, meeting was reviewed and approved as presented. Upon a motion duly made by Erin White and seconded by Michael Mills, there being no opposition, this motion was unanimously passed.

Patrick Wing, with Marquette, presented the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Quarterly Performance Report dated December 31, 2023*. As of December

31, 2023, the value of the Plan's assets was \$958.5 million. The Plan's had a net investment change of \$82.0 million and a quarterly return of 9.3% (net) versus the policy index of 10.1%. Positive attribution for the quarter from: outperformance by Harding Loevner and Baird. Negative attribution for the quarter from: underperformance by most active U.S. equity managers and fixed income structure.

Mr. Wing then reviewed the *Frederick County – Pension | Asset Value Update dated February 9, 2024*, with the Committee. As of February 9, 2024, the value of the Plan's assets was \$974,123,368. There were no rebalancing recommendations at this time.

Mr. Wing then presented the *Frederick County, Maryland – Defined Benefit DROP Plan | Quarterly Performance Report dated December 31, 2023*. As of December 31, 2023, the value of the Plan's assets was \$1.2 million. Target Date Funds as of December 31, 2023: 34.8% 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 remain strong across the series.

Mr. Wing then reviewed the *98445-03 Frederick County, Maryland Deferred Compensation | Rate of Return as of 12/31/2023*, with the Committee. As of 12/31/2023, the median was 15.3% for the one-year return compared to the benchmark median of 14.1%.¹

Jim Ritchie and Jordan McClane with Bolton reviewed the *Actuarial Equivalent conversion factors and Additional optional forms of benefit dated February 12, 2024*, with the Committee. It has been four years since the Actuarial Equivalent conversion factors have been reviewed. Current assumptions used to calculate this are:

- Pub-2010 General Retirees Amount-Weighted Mortality with MP-2018 improvement scale projected to 2035, blended 50% male/50% female (used for both the participant and joint annuitant).
- 7% interest rate
- 1% COLA

Based on the recent amendment tying the cost-of-living adjustment (COLA) to the CPI effective July 1, 2023, the COLA for the actuarial equivalence assumptions should be the same as our actuarial valuation assumptions so that gain or losses are minimized when a participant selects an optional form. Recommended assumptions are:

¹ Only participants with a result across all months in the period are included.

- Pub-2010 General Retirees Amount-Weighted Mortality with MP-2021 improvement scale projected to 2035, blended 50% male/50% female (used for both the participant and joint annuitant).
- 7% interest rate
- 2.3% COLA²

At all age combinations in the table, the prospective Actuarial Equivalent factors are lower than the current factors, so the benefit would be lower. Increasing the COLA assumption decreases the factors slightly. By not changing the Actuarial Equivalent definition and continue with the higher benefits, over time the plan will see minor losses that may build up over time from those electing optional forums outside of what the assumption is.

This is not an action that needs to be taken immediately. Therefore, the Committee has decided to hold off on further discussion of this change until we have other action items to present to the Council for their consideration.

The Chair provided an 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, March 12, 2024, at 1:00pm.

There being no further business, a motion was made to end the meeting by Michael Gastley and seconded by John Neary, there being no opposition, this motion was unanimously passed, and the meeting adjourned at 1:55pm.

Respectfully submitted,



Shanna Gibbons

Recording Secretary

² Bolton took the minimum of 1% and the maximum of 3% into consideration when looking at the CPI of the last 30 years, thus averaging out to 2.3%