

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

April 9, 2024

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 9, 2024, at 1:00 p.m. in the 1st Floor Meeting Room at Winchester Hall. Present in-person were the following members of the Joint Retirement Committees:

- Emily C. Fiftal, Human Resources Division Director
- Michael Gastley, Retiree Representative
- Michael Mills, Member at Large

Present via Microsoft Teams were the following members of the Joint Retirement Committees:

- Erin White, Finance Division Director

Committee Member(s) absent from the meeting:

- Douglas Browning, Retiree Representative
- Jeff Hyatt, FOP 102 (Law Enforcement) Representative
- Michael Bird, FOP 102A (Corrections) Representative
- John Neary, IAFF Representative
- Daniel Lewis, Member at Large

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

The Chair opened the meeting at 1:02pm. The Meeting Minutes from the February 13, 2024, meeting had been revised to reflect Member at Large, Daniel Lewis, was not present at that meeting. Revision was 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.

The Meeting Minutes from the March 12, 2024, meeting was reviewed and approved as presented. Upon a motion duly made by Michael Gastley and seconded by Michael Mills, there being no opposition, this motion was unanimously passed.

Patrick Wing, with Marquette, presented the *Frederick County – Pension | Asset Value Update dated April 5, 2024*, with the Committee. As of April 5, 2024, the value of the Plan’s assets was \$1,000,475,655. Mr. Wing also noted that the \$23,000,000 commitment to Brookfield was called and funded in the beginning of April. No recommendations were made at this time.

Mr. Wing then presented the *Frederick County, Maryland – DROP | Manager Review dated April 9, 2024*. At the last meeting, March 12, 2024, the Committee agreed to move forward with manager searches for the following asset classes: U.S. Large Cap Value, U.S. Large Cap Growth, and U.S. Small Cap Growth. Today, the review would cover a more detailed analysis of options in the following segments of the DROP investments: International Value, International Growth, Fixed Income, and Target Date funds.

The Committee was reminded to consider the following during the review of managers: poor performance is typically not a good reason to make changes; since manager performance tends to move in cycles, many investors succumb to behavioral risks and hire/fire managers at the wrong time; the market environment must be considered; and compare performance of a manager to others that follow similar investment processes to determine whether performance has been stronger weak relative to expectations.

Beginning with International Value, the Hartford Schrodgers International Multi-Cap Value strategy focuses on two key fundamental drivers of long-run equity returns: stock valuations and business quality. They believe that these characteristics have generated strong long-term risk-adjusted performance across market cycles. The fund has an expense ratio of 0.75%¹, compared to the industry median of 0.92%. With the goal of upholding fiduciary responsibility, the Committee agreed to move forward with a manager search in International Value.

Next, Mr. Wing reviewed the current International Growth fund. The American Funds EuroPacific Growth strategy seeks companies that are attractively valued companies and positioned to benefit from innovation, global economic growth, increasing consumer demand or a turnaround in business conditions. They believe the combination of multiple portfolio managers has led to long-term success relative to its benchmark through multiple market cycles. The fund has an expense ratio of 0.47%¹, compared to the industry median of 0.85%. The Committee agreed to move forward with a manager search in International Growth, as well.

¹ Accounts for Empower fee levelization.

Moving on to Fixed Income, the Dodge & Cox Income strategy seeks to achieve long-term, above-benchmark returns by building high average quality portfolios that typically have a higher yield than the overall market. Security selection, a key component of their management style, is based on fundamental research. They primarily utilize investment grade bonds in their clients' portfolios; however, high yield bonds will be used opportunistically and as permitted by client guidelines (typically 10-15%). The fund has an expense ratio of 0.33%¹, compared to the industry median of 0.48%. The Committee agreed with the recommendation to stay with Dodge & Cox at this time.

Finally, the American Funds Target Date Retirement Series seeks to build wealth via meaningful equity exposure and global diversification and then preserve wealth by focusing on downside protection. Preserving wealth focuses on strategic investments in Historically less volatile, dividend-paying equities and diversified fixed income. The fixed income glide path focuses on four goals: capital preservation, diversification from equity, inflation protection, and income. Funds across the series are less than half the cost of the respective industry medians. The Committee agreed with the recommendation to stay with the American Funds Target Date Retirement Series at this time.

At the June meeting, Marquette will begin to review the investment managers searches the Committee agreed to move forward with. The remaining searches will be reviewed at the July meeting.

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, May 15, 2024, 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 1:53pm.

Respectfully submitted,



Shanna Gibbons
Recording Secretary

¹ Accounts for Empower fee levelization.