

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

MEETING MINUTES

July 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, July 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
- Erin White, Finance Division Director
- Michael Gastley, Retiree Representative
- Daniel Lewis, Member at Large
- Michael Mills, Member at Large

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

- Michael Bird, FOP 102A (Corrections) Representative

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”); and Robert Goff, Susan Keller, Shanna Gibbons, and Angela Baldwin with Frederick County Government, in person. Additionally, John Westerhaus with Kutak Rock; Jim Ritchie with Bolton; and five 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 1:01pm. The Meeting Minutes from the June 11, 2024, meeting was reviewed and approved as presented. Upon a motion duly made by Michael Mills and seconded by Emily Fiftal, there being no opposition, this motion was unanimously passed.

The Chair then took the opportunity to introduce and provide an overview of the newly appointed Attorney of the Plans, John Westerhaus, and his firm, Kutak Rock, to the Committee.

The meeting proceeded with Patrick Wing from Marquette taking the floor. Mr. Wing introduced his guests, Teresa Woo and Adam Mushaweh, both from Loomis Sayles. In the meeting held on June 11, 2024, Mr. Wing presented two notices from Loomis Sayles related to the Large Cap Growth strategy they manage for the Pension. The notices requested the Committee's recognition and approval of modifications to their investment guidelines: the addition of flexibility for Loomis to allocate a portion of the cash position to an ETF (ticker: LSGR), and an increase in the issuer limitation.

The Committee, in response, asked Marquette to invite the representatives from Loomis Sayles to the subsequent meeting to address any queries related to this request.

Ms. Woo and Mr. Mushaweh provided further clarification on the proposed changes. Despite an extensive discussion, the Committee still had some unresolved concerns. Loomis was asked to address these concerns within the concentration guidelines. More specifically, they requested the issuer limitations also take into account the underlying exposures of the ETF. Loomis will provide a formal proposal on official letterhead for the Committee to review and discuss at the next meeting.

Following the departure of the Loomis representatives from the call, the Committee decided to defer their vote to the meeting scheduled for August 13, 2024.

Mr. Wing then presented the *Frederick County – Pension | Asset Value Update dated July 5, 2024*, with the Committee. As of July 5, 2024, the value of the Plan's assets was \$1,028,381,285. There were no recommendations at this time.

Mr. Wing then presented the *Frederick County | 401(a) – Manager Searches dated July 9, 2024*. At the June meeting, the Committee reviewed U.S. Equity managers and approved the following changes:

- U.S. Large Cap Value: replace BlackRock Equity Dividend with Vanguard Equity Income;
- U.S. Large Cap Growth: replace T. Rowe Price Growth Stock with JPMorgan Large Cap Growth (ISA); and
- U.S. Small Cap Growth: replace Emerald Growth with Wasatch Core Growth.

Discussion today will review the Non-U.S. Equity manager searches.

Beginning with Non-U.S. Growth, the Committee was presented with an overview of the following managers: American Funds EuroPacific Growth, Harding Loevner International Equity, and MFS International Growth.

- American Funds is our current manager. It has had solid long-term relative returns and is the lowest cost option; however, it has high assets under management and the largest drawdown.
- Harding Loevner demonstrated strong long-term relative and risk-adjusted returns, accompanied by a small drawdown. The downside is that they are the most expensive option.
- MFS has had the strongest long-term relative and risk-adjusted returns, along with the smallest drawdown; however, the strategy is more expensive than the current investment option.

MOTION: After thorough deliberation, the Committee decided to substitute American Funds EuroPacific Growth with MFS International Growth as the Non-U.S. Growth manager. This change will be implemented using the institutional separate account vehicle, thereby benefiting from the lower fee structure associated with the 457(b) relationship. With a motion duly made by Emily Fiftal and seconded by Michael Mills, this motion was unanimously approved.

Mr. Wing proceeded to review the following Non-U.S. Value managers with the Committee: Hartford Schroders IMCV, DFA World ex US Value, and Dodge & Cox International Stock.

- Hartford Schroders, our current manager, has had strong long-term relative returns and the smallest drawdown. However, they are the most expensive option.
- DFA has generated the strongest long-term relative and risk-adjusted returns and is the most cost-effective option. However, they manage a smaller asset base and have had the largest drawdown.
- Dodge & Cox has posted strong long-term relative returns and solid risk-adjusted returns. However, they manage a large asset base and exhibit the highest volatility.

MOTION: After thorough consideration, the Committee resolved to replace Hartford Schroders IMCV with DFA World ex US Value as the Non-U.S. Value manager. With a motion duly made by Michael Mills and seconded by Erin White, this motion was unanimously approved. Michael Gastley abstained.¹

It was then brought to the attention of the Committee, that due to the 457(b) relationship, there were additional opportunities for lower fees via Empower Institutional Separate Accounts in the Mid Cap Growth and Mid Cap Value segments.

¹ Michael Gastley, Retiree Representative on the Committee, disclosed in a previous meeting that a family member is a current employee with Schroder Investments. It is noted that neither Mr. Gastley nor the family member would personally benefit from this contract if Schroder Investments were selected. (Original notation: [FCERP Minutes 041123 FINAL](#) meeting minutes)

- Empower T. Rowe Price Mid Cap Growth
 - Current: Empower T. Rowe Price Mid Cp Gr Inv -- net expense ratio of 0.67%
 - Empower ISA: T. Rowe Price Mid Cap Growth Equity -- net expense ratio of 0.55%.
- John Hancock Disciplined Value Mid-Cap
 - Current: John Hancock Disciplined Value Mid-Cap A -- net expense ratio of 0.61%
 - Empower ISA: Boston Partners/Robeco Mid Cap Value -- net expense ratio of 0.57%

MOTION: Following a brief discussion, the Committee agreed to make two replacements in the U.S. Mid Cap Growth and U.S. Mid Cap Value categories. Empower T. Rowe Price Mid Cp Gr Inv (0.67%) will be replaced with T. Rowe Price Mid Cap Growth Equity (0.55%), and John Hancock Disciplined Value Mid-Cap A (0.61%) will be replaced with Boston Partners/Robeco Mid Cap Value (0.57%). These changes will be implemented using the institutional separate account vehicles, thereby benefiting from the lower fee structure associated with the 457(b) relationship. With a motion duly made by Emily Fiftal and seconded by Michael Mills, this motion was unanimously approved.

Mr. Wing proceeded to inform the Committee that American Funds had launched its 2070 Target Date Retirement Fund in May 2024. Marquette encouraged the Committee to incorporate this fund into the participant lineup. Mr. Wing further clarified that this fund would utilize the same share class as all other Target Date Funds in the Plan, specifically the R6 share class (ticker: RFBFX).

MOTION: After a brief discussion, the Committee agreed to include the 2070 Target Date Retirement Fund in the American Funds lineup. With a motion duly made by Erin White and seconded by Michael Gastley, this motion was unanimously approved.

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, August 13, 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 2:39pm.

Respectfully submitted,



Shanna Gibbons

Recording Secretary