

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
FREDERICK COUNTY UNIFORMED EMPLOYEES RETIREMENT PLAN
OTHER POST-EMPLOYMENT BENEFITS (OPEB) INVESTMENT COMMITTEE

COMBINED MEETING OF THE OPEB AND RETIREMENT PLAN COMMITTEES

MEETING MINUTES

August 09, 2022

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 9, 2022, at 1:00 p.m. in the Winchester Room at Winchester Hall. Present in person were the following members of the Joint Retirement Committees:

1. Human Resources Director: Wayne C. Howard
2. Finance Director: Erin White
3. FOP 102A (Corrections) Representative: Michael Bird

Committee Members present via Microsoft Teams were:

4. IAFF Representative: John Neary
5. Retiree Representative: Michael Marschner
6. Member at Large: Michael Mills

Absent from the meeting were: FOP 102 (Law Enforcement) Representative: Jeff Hyatt, and Member at Large: Diane Fox.

Present at the invitation of the Committee were members of the Other Post-Employment Benefits (OPEB) Investment Committee. Present in person were the following members of the OPEB Investment Committee:

1. Human Resources Deputy Director: Shannon Powell
2. Finance Director: Erin White
3. Deferred Compensation Plan Committee Representative: Susan Keller

Committee Members present via Microsoft Teams were:

4. Joint Retirement Plan Committee Representative: Michael Mills

Absent from the meeting was: Joint Retirement Plan Committee Representative: Diane Fox.

Also present at the invitation of the Committee were: Patrick Wing with Marquette Associates ("Marquette"), in person; and Ann Sturner with Bolton, and Mary Claire Chesshire with Whiteford, Taylor, & Preston, via Microsoft Teams. Additionally, Bob Goff, and Shanna Gibbons with Frederick County Government, in person, and one guest via Microsoft Teams. Wayne Howard was Chair and Shanna Gibbons was the Recording Secretary.

The Chair opened the meeting. Minutes from the July 12, 2022, meeting were reviewed and approved with one correction. FOP 102 (Law Enforcement) Representative, Jeff Hyatt and FOP 102A (Corrections) Representative, Michael Bird, were present in person at the meeting. Upon a motion duly made by Erin White and seconded by Michael Mills, this motion was unanimously passed. Michael Marschner and John Neary abstained.

Patrick Wing from Marquette presented the *Frederick County – OPEB & Pension | Global Infrastructure Search dated August 9, 2022*. Mr. Wing provided Manager Summaries for IFM, JPMorgan and Brookfield.

MOTION: After much discussion, the Committees agreed to interview all three managers. Upon a motion duly made by Michael Marschner and seconded by Erin White, this motion was unanimously passed.

Mr. Wing went on to review the *Frederick County, Maryland – Other Post-Employment Benefit Trust | Asset Value Update dated August 5, 2022* with the OPEB Committee Members. As of August 5, 2022, the value of the Plan’s assets was \$208,823,656. No recommendation to rebalance was made at this time.

Erin White provided an update to the Joint Retirement Committee Members regarding the proposal to the County Executive revising the COLA Provision for the retirees of the Frederick County Employees Retirement Plans. The County Executive asked that Bolton revise their Study to reflect a 1% floor instead of the 0% floor proposed, as not to take anything away from the retirees. Bolton was able to provide this revision in their *Frederick County Employees Retirement Plan and Frederick County Uniformed Employees Retirement Plan – Supplement to Study to Revise the Cost-of-Living Adjustment (COLA) Provisions of the Plans dated August 5, 2022*. This change will result in less than \$600,000 annually. It was worth mentioning that the CPI has only dropped below 1.0% four times in the past 50 years. In addition, this change would change the funding levels for the Uniformed Plan from 103.0% to 102.5% funded based on the 0% floor and 1% floor, respectively; and the Non-Uniformed Plan from 90.7% to 90.2% funded based on the 0% floor and 1% floor respectively.

MOTION: A motion was made to revise our proposal for a COLA equal to increase in CPI, capped at 3.0%, with a floor of 1.0% to the County Executive, to eliminate the concern that retirees may be losing something with this enhancement. Upon a motion duly made by Michael Marschner and seconded by John Neary, the motion was unanimously approved.

To further update the committee, this COLA revision and the addition of a second retiree representative on the Committee, was anticipated to be workshopped tonight with the County Council. Only the second retiree representative will be brought before the Council this evening;

the COLA proposal has been postponed until August 23rd. It is anticipated that both amendments will be approved and adopted by October 25th.

Patrick Wing from Marquette presented the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Quarterly Performance Report dated June 30, 2022*. As of June 30, 2022, the value of the Plan’s assets was \$801.2 million. The Plan’s investment had a loss of \$109.0 million and a quarterly return (-12.0%) (net) versus the policy index of (-12.2%). Positive attribution for the quarter were primarily from: outperformance by most active managers within U.S. Equities; and fixed income structure and outperformance by Segall, Bryant & Hamill. Negative attribution for the quarter from: underperformance by Loomis Sayles and Neuberger Berman within U.S. Equities; Non-U.S. equity structure; and Underperformance by PIMCO within fixed income.

Mr. Wing went over the *Frederick County, Maryland – Employee’s Retirement Plan Trust | Asset Value Update dated August 5, 2022*, with the Committee. As of August 5, 2022, the value of the Plan’s assets was \$846,969,200. No recommendation to rebalance was made at this time.

The next Committee meeting will again be a combined meeting to include committee members from the Frederick County Employees Retirement Plan and Frederick County Uniformed Employees Retirement Plan Committee, and the Other Post-Employment Benefits (OPEB) Committee. This meeting will be in-person at Winchester Hall (12 E Church St, Frederick, MD 21701) with a virtual call-in option on Tuesday, September 13, 2022, at 1:00pm.

There being no further business, a motion was made to end the meeting by Erin White and seconded by Michael Bird, this motion was unanimously passed and the meeting adjourned at 2:45pm

Respectfully submitted,



Shanna Gibbons
Recording Secretary