

Calvert County Employees Retirement Plan
Calvert County Sheriff's Office Pension Plan
Other Post-Employment Benefits Trust (OPEB)
Board of Trustees Quarterly Meeting
February 19, 2021
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Meeting Location: Microsoft Teams

Members Present:

Employees Retirement Plan (ERP): David Carpenter, Bill Clark, Tim Hayden, Sharon Strand, Jacqueline Vaughan, Julian M. Willis.

Sheriff's Office Pension Plan: David Carpenter, Tim Hayden, Joshua Underwood, Julian M. Willis, Michael Moore, David Payne.

Other Post-Employment Benefits Trust (OPEB): David Carpenter, Tim Hayden, Edith Hutchins, Monica Jones Kevin Michael.

Members Absent:

Employees Retirement Plan: None.

Other Post-Employment Benefits Trust (OPEB): Rebecca Flanagan.

Sheriff's Office Pension Plan: Rebecca Flanagan.

Others Present:

Don Ross, Wainwright Investment Counsel, LLC
Linda Vassallo, Deputy County Administrator
Melanie Woodson, Human Resources Director
Megan Fleegle, Human Resources Deputy Director
Lauren Kreamer, Benefits Assistant
Jamie Angus, Human Resources Assistant
Anne Sturner, Bolton Partners

Tim Hayden called the Calvert County Employees Retirement Plan, the Calvert County Sheriff's Office Pension Plan and OPEB Trustees meeting to order at 1:33 p.m.

After review of the November 6, 2020 minutes motions were made to approve:

MOTION: Bill Clark motioned to approve the November 6, 2020 minutes as amended for the Calvert County Employees Retirement Plan.

SECONDED: Tim Hayden seconded the motion for the Calvert County Employees Retirement Plan.

All were in favor. None opposed.

MOTION: David Payne motioned to approve the August 14, 2020 minutes as amended for the Sheriff's Office Pension Plan.

SECONDED: David Carpenter seconded the motion for the Sheriff's Office Pension Plan.

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All were in favor. None opposed.

MOTION: Kevin Michael motioned to approve the August 14, 2020 minutes as amended for OPEB as amended.

SECONDED: Edith Hutchins seconded the motion for OPEB.

All were in favor. None opposed.

Presentations/Discussions

Don Ross, Wainwright Investments Counsel

As of December 31, 2020, the Employees Retirement Plan had a balance of \$98,166,870, this is an increase of around \$11 million in the 4th quarter. The cash balance was \$2.4 million, with \$1 million of that being allocated to Real Estate. The Sheriff's Office Pension Plan had a balance of \$120,379,523, this is an increase of around \$13 million in the 4th quarter. OPEB had a balance of \$149,402,070, this is an increase of around \$21 million in the 4th quarter.

Don Ross suggested the Employees Retirement Plan rebalance by moving \$750,000 from HSBC Opportunity Fund, \$250,000 from Earnest Partners, and \$500,000 from Kayne Anderson to cash. This is a total of \$1.5 million to cash.

Motion: Tim Hayden motioned rebalance the Employees Retirement Plan per Don Ross's recommendation

Seconded: Bill Clark seconded the motion for the Employees Retirement Plan.

All were in favor. None opposed.

Don Ross suggested the Sheriff's Office Pension Plan rebalance by moving \$750,000 from the iShares Russell 1000 Growth fund and the HSBC Opportunity Fund, and \$300,000 from Kayne Anderson to cash. This is a total of \$1.8 million to cash.

Motion: Tim Hayden motioned to rebalance the Sheriff's Office Pension Plan per Don Ross' recommendation

Seconded: David Carpenter seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

Don Ross suggested that OPEB move \$500,000 from cash to the Vanguard Short Term Investment Grade fund. Kevin Michael asked why only \$500,000 when the cash balance is around \$4.6 million and if an additional \$500,000 should go to the iShares Russell 1000 Value Grade. Don Ross stated he was being conservative with

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his recommendation, and that is an available option. Tim Hayden stated that the markets are at an all-time high, which makes him nervous and that he is more comfortable with Don Ross's original recommendation. Kevin Michael stated he was ok with Don Ross's recommendation as well.

Motion: Tim Hayden motioned to rebalance OPEB by moving \$500,000 from cash to the Vanguard Short Term Investment Grade.

Seconded: Kevin Michael seconded the motion for OPEB.

All were in favor. None opposed.

Don Ross stated there is some concern about the performance of the Loomis Sayles High Income fund. They have underperformed in many areas to include the rating of funds in their portfolio. Loomis Sayles underperforms to their peer group with higher volatility. Don would like to have Loomis Sayles join the next meeting to provide a presentation of the status and correction plan. Don Ross did not recommend a current change and is looking for improvement in the 1st quarter. Don Ross stated the Loomis Sayles fund should be high on the watch list.

Open Discussion

Recusal Advisory

David Carpenter informed the Boards that they have been provided information from the Ethics Commission about Recusals. If an individual has a potential conflict of interest, they can refer to this and complete the form if they have a conflict of interest to recuse themselves from a discussion or a vote.

Declaration of Disability Status Update

We have received all Declarations of Disability for the Employees Retirement Plan and the Sheriff's Office Pension Plan. All indicated that recipients continue to be disabled.

David Carpenter also recommended skipping a year's cycle for the Declarations of Disability as we just received many Declarations and the information would be redundant.

Motion: David Carpenter motioned for the Employees Retirement Plan to not send Declarations of Disability requests to recipients in 2021 and resume the process in 2022.

Seconded: Bill Clark seconded the motion for the Employees Retirement Plan.

All were in favor. None opposed.

Motion: David Carpenter for the Sheriff's Office Pension Plan motioned to not send Declarations of Disability requests to recipients in 2021 and resume the process in 2022.

Seconded: David Payne seconded the motion for the Sheriff's Office Pension Plan.

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All were in favor. None opposed.

Motion: Tim Hayden motioned to adjourn OPEB.

Seconded: Edith Hutchins seconded the motion for OPEB.

All were in favor. None opposed.

Presentations/Discussions Continued

Ann Sturner, Actuarial Report

Ann Sturner provided an overview of the plans. The Employees Plan is a closed plan. As of July 1, 2020, the plan had 54 active participants, 9 DROP participants, 17 terminated vested participants, 195 retirees & beneficiaries with a total population of 275. The average active age is 57.2 with 29.9 years of service. The average active salary was \$72,268 as of July 1, 2020. The current contribution for FY 2022 is \$1,907,689. The plan is estimated to be funded 93.4% in FY 2022.

The Sheriff's Office Pension Plan is an open plan. As of July 1, 2020, there were 206 active participants, 9 DROP participants, 51 terminated vested participants, 95 retirees and beneficiaries with a total population of 361. The average active age was 35.7 with 10.1 years of service. The average active salary was \$71,196. The current contribution for FY 2022 is \$3,047,719. The plan is estimated to be funded 95.9% in FY 2022. Ann Sturner stated that both plans are doing well and are well funded.

In the last year, the Employees Retirement Plan and Sheriff's Office Pension Plan did not have any changes to their assumptions and methods. An experience study will be performed after the June 1, 2021, actuarial valuations.

The assumed rate of return is 7.25%. If returns are lower, a reassessment can be done to potentially lower the rate to be more in line with the actual experience.

The Employees Retirement plan experienced a decrease in ADC due to retirements being less than expected. The Sheriff's Office Pension Plan experienced an increase in ADC due to salary increases being higher than expected.

Motion: Tim Hayden motioned to adjourn the Employees Retirement Plan meeting.

Seconded: David Carpenter seconded the motion for the Employees Retirement Plan.

All were in favor. None opposed.

Open Discussion Continued

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Update on the twelfth and thirteenth amendments

The twelfth and thirteenth amendments to the Sheriff's Office Pension Plan have been passed, approved, and are now a part of the plan. The twelfth amendment provides spousal benefits to spouses of deceased terminated participants who had vested benefits and had not reached normal retirement age. The thirteenth amendment increased the amount of time an individual has to purchase prior service credit.

Update on the fourteenth amendment

The fourteenth amendment of the Sheriff's Office Pension Plan changes the way eligibility service time and benefit service time is calculated and separates the definitions. Years of benefit service will be used for calculating benefit payments and years of eligibility service will be used to calculate retirement date. The amendment was drafted after discussion and approval in the November 6, 2020 meeting. Bolton drafted an amendment to make the change. Miles & Stockbridge has approved the amendment as drafted by Bolton. Ann Sturner stated that this would make calculations easier and would make retirement dates more predictable.

Motion: David Payne motioned for the Sheriff's Office Pension Plan to direct the change to the Board of County Commissioners for approval.

Seconded: Michael Moore seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

Motion: Tim Hayden motioned to adjourn the Calvert County Sheriff's Office Pension Plan meeting.

Seconded: David Carpenter seconded the motion for the Calvert County Sheriff's Office Pension Plan.

All were in favor. None opposed.