

Calvert County Employees Retirement Plan  
Calvert County Sheriff's Office Pension Plan  
Other Post-Employment Benefits Trust (OPEB)  
Board of Trustees Quarterly Meeting  
May 7, 2021  
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**Meeting Location:**

Microsoft Teams Online Meeting

**Members Present:**

**Employees Retirement Plan (ERP):** Francis Borelli, David Carpenter, Bill Clark, Tim Hayden, Jacqueline Vaughan.

**Sheriff's Office Pension Plan:** Francis Borelli, David Carpenter, Rebecca Flanagan, Tim Hayden, Joshua Underwood, Michael Moore, David Payne.

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

**Members Absent:**

**Employees Retirement Plan:** Sharon Strand, Julian M. Willis.

**Other Post-Employment Benefits Trust (OPEB):** None.

**Sheriff's Office Pension Plan:** Julian M. Willis.

**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  
Ann Sturner, Bolton Partners  
Devin Sullivan, TA Realty  
Jacob Maliel, TA Realty  
Fran Peters, HarborVest

Tim Hayden called the Calvert County Employees Retirement Plan, the Calvert County Sheriff's Office Pension Plan and OPEB Trustees meeting to order at 9:00 a.m.

After review of the February 19, 2021 minutes motions were made to approve:

**MOTION:** Bill Clark motioned to approve the February 19, 2021 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.

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**MOTION:** Joshua Underwood motioned to approve the February 19, 2021 minutes as amended for the Sheriff's Office Pension Plan.

**SECONDED:** Tim Hayden seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

**MOTION:** Edith Hutchins motioned to approve the February 19, 2021 minutes as amended for OPEB as amended.

**SECONDED:** Tim Hayden seconded the motion for OPEB.

All were in favor. None opposed.

**Presentations/Discussions**

*Don Ross, Wainwright Investments Counsel*

As of March 31, 2020, the Employees Retirement Plan had a balance of \$100,246,091, this is an increase of around \$1 million in the 1<sup>st</sup> quarter. The cash balance was \$1.3 million. There is an expected contribution of approximately \$1.9 million to be made in July. The Sheriff's Office Pension Plan had a balance of \$123,991,235, this is an increase of around \$3 million in the 1<sup>st</sup> quarter. The cash balance was \$2.1 million. There is an expected contribution of approximately \$3 million to be made in July.

*Devin Sullivan and Jacob Maliel, TA Realty*

Devin Sullivan provided a presentation with Jacob Maliel. Devin Sullivan stated that the investments with TA Realty are heavily in industrial and multi family, which have continued to perform well. Jacob Maliel stated that the funds are focused on growth sectors and markets. The returns are currently on track with projections and targets. Jacob Maliel stated that TA realty anticipates another strong year and to outperform their benchmarks.

Francis Borelli asked if there any concern over the currently growing single-family residential values "popping" and causing us injury in our investment. Devin Sullivan stated that the fund is not invested in single family properties, only multi property. The fund attempts to leverage their investments in midrise suburban properties with a less dense population base.

*Fran Peters, Harbor Vest*

Fran Peters provided an overview of the current investments with HarborVest. The current investments are seeing a 22.1% net IRR. HarborVest has a new 2021 Global Fund that they are coming to market with. The fund is broadly diversified with primary, secondary and direct co-investments. The fund intersects across all geographies with a focus on North America and Europe. The fund target is \$950 million to be called over a 2-year period. The projected actual is \$1.25 billion. Management fees are contingent upon investment time frame and size. Investments under \$5 million are invested through a third party and will contain an additional management fee. \$700 million has been closed to date. Don Ross asked if the fund is projected to still be open through the summer. Fran Peters stated that the fund should still be open, and the projected closing is December 2021.

*Don Ross, Wainwright Investments Counsel*

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Don Ross recommended rebalancing the Employees Retirement plan by taking \$1 million from Kayne Anderson, \$750,000 from Earnest Partners and \$250,000 from the HSCB Opportunity fund and placing \$500,000 to Polaris, \$1 million to TA Realty, and \$500,000 to cash. Don Ross also recommended a \$1 million investment into the HarborVest fund. Don Ross stated that he does not believe there will be any capital calls through the remaining of 2021.

Francis Borelli asked why we would pull money from funds that are performing well. Don Ross stated that the boards have an investment policy that contains targets for allocation. The funds that are being pulled from are currently overweight, and the plan will be investing in funds that are currently under weighted to the investment policy.

**Motion:** Tim Hayden motioned to rebalance the Employees Retirement Plan as recommended by Don Ross.

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

All were in favor. None opposed.

Don Ross recommended rebalancing the Sheriff's Office Pension Plan by taking \$1 million from the HSCB Opportunity Fund, and \$1 million from Kayne Anderson and placing \$500,000 to Polaris, \$500,000 to Barings and \$1 million to TA Realty. Don Ross also recommended a \$1 million investment into the HarborVest fund. Don Ross stated that he does not believe there will be any capital calls through the remaining of 2021.

**Motion:** Tim Hayden motioned to rebalance the Sheriff's Office Pension Plan as recommended by Don Ross.

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

All were in favor. None opposed.

### **Open Discussion**

#### *Update on the Fourteenth Amendment to the Plan – Service Time Calculation*

The fourteenth amendment changes the definition of service time calculation. The Board of Trustees approved the amendment in the February meeting. The amendment has been approved by the Board of County Commissioners and will be presented as a Public Hearing on May 11, 2021. The projected approval date is May 25, 2021 and will then be adopted into the plan.

#### *Spousal and Dependent Health Coverage Update*

The Board of County Commissioners has approved to provide spouses and dependents of retirees the same health insurance subsidy as the retiree. Prior to this, retirees were subsidized, but dependents and spouses were not and paid the full cost for coverage. The earned subsidy has also changed to a banded method. The number of subsidy rates will decrease from 26 to 6. The change will be effective as of July 1, 2021.

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*Voluntary Retirement Incentive Update*

A voluntary retirement incentive was proposed to all individuals of the Employees Retirement Plan. The incentive would provide retirement eligible employees an incentive of \$1,000 per year of service to retire or enter the DROP. Trustees had previously approved paying for the incentive from Plan funds. Human Resources and Finance & Budget staff has since learned that this will require a plan amendment, and the timeframe of the incentive is going to be pushed out to the 4<sup>th</sup> quarter of 2021 or later depending the amendment process and the number of retirees in the plan at that time. Staff is anticipating an increase in retirements due to the approval of spousal and dependent subsidy for retiree health care. Staff will come back to the board to approve an amendment is necessary.

*Determine Future Meeting Dates*

Staff is recommending changing meeting dates to Thursdays and to hold the remaining 2021 dates on Thursday, August 12, 2021 and Thursday, November 4, 2021.

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

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

All were in favor. None opposed.

**Motion:** David Payne motioned to adjourn the Sheriff's Office Pension Plan.

**Seconded:** Joshua Underwood seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

**Presentations/Discussions Continued**

*Don Ross, Wainwright Investments*

OPEB had a balance of \$157,828,820, this is an increase of around \$8 million in the 1<sup>st</sup> quarter. The cash balance was \$5.1 million.

Don Ross recommended placing an additional \$2 million to TA Realty. This will bring the total real estate investment from .6% to 1.9%. Don Ross also recommended a \$1.5 million investment into the HarborVest fund. Don Ross stated that he does not believe there will be any capital calls through the remaining of 2021.

**Motion:** Tim Hayden motioned for OPEB to make investments are recommended by Don Ross.

**Seconded:** Kevin Michael seconded the motion for OPEB.

All were in favor. None opposed.

Don Ross discussed options for changing asset allocation targets. Don Ross presented the current target, current actual allocation, and the target in the Employees Retirement plan for reference. Don Ross also presented four

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alternative allocation options. The options are attached. Don Ross stated that he recommends option B from the presentation. Tim Hayden stated that he does not want to reduce the allocation to international markets. Tim Hayden stated he is also in favor of options B from the provided options.

Don Ross recommended coming to the August meeting with an update on current rates and to come to the meeting with a recommendation and make a vote. Don Ross stated this will provide trustees the opportunity to review the recommendations. Don Ross stated that he does recommend carving out dedicated allocations to growth and value.

**Motion:** Tim Hayden motioned to adjourn OPEB.

**Seconded:** Kevin Michael seconded the motion for OPEB.

All were in favor. None opposed.