

Calvert County Employees Retirement Plan
Calvert County Sheriff's Office Pension Plan
Other Post-Employment Benefits Trust (OPEB)
Board of Trustees Quarterly Meeting
September 9, 2019
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MEMBERS PRESENT:

Employees Retirement Plan (ERP): David Carpenter, Tim Hayden, Sharon Strand, Jaime West, Dominic Raino, Jacqueline Vaughan.

Sheriff's Office Pension Plan: David Carpenter, Rebecca Flanagan, Alphonso Hawkins, Tim Hayden, David Payne, Dominic Raino, Michael Moore.

Other Post Employment Benefits Trust (OPEB): David Carpenter, Rebecca Flanagan, Tim Hayden, Genieve Clarke-Hillman, Dina Davis.

MEMBERS ABSENT:

Employees Retirement Plan: Bill Clark, Terry Shannon.

Sheriff's Office Pension Plan: Terry Shannon, Joshua Underwood.

Other Post-Employment Benefits Trust (OPEB): Kevin Michael, Edith Hutchins.

OTHERS PRESENT:

Don Ross, Wainwright Investment Counsel, LLC

Tim Hayden called the Calvert County Employees Retirement Plan, the Calvert County Sheriff's Office Pension Plan and OPEB Trustees meeting to order at 9:05 a.m.

After review of the May 17, 2019 minutes, no changes were recommended.

MOTION: Tim Hayden motioned to approve the May 17, 2019 minutes for the Calvert County Employees Retirement Plan.

SECONDED: David Carpenter seconded the motion for the Calvert County Employees Retirement Plan.

All were in favor. None opposed.

MOTION: Tim Hayden motioned to approve the May 17, 2019 minutes for the Sheriff's Office Pension Plan.

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

All were in favor. None opposed.

MOTION: Tim Hayden motioned to approve the May 17, 2019 minutes for OPEB.

SECONDED: David Carpenter seconded the motion for OPEB.

All were in favor. None opposed.

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PRESENTATIONS/DISCUSSIONS

Don Ross, Wainwright Investment Council, LLC

Don Ross began his presentation at 9:08 a.m. Don Ross suggested having one or two managers come to the next Trustees meeting. Kayne Anderson did make a presentation to the Trustees about a year and half ago; they continue to have a very strong track record. Northern Cross, which managed the Harbor International Fund, closed their doors and Polaris, also of Boston, is the replacement; it may be of interest to have Polaris come to the next meeting.

All three plans have extra cash to invest since there were late June and July contributions. The market has been up and down, economic fundamentals are not bad. Domestically the economy is slower than then it was. Last year corporate S&P 500 earnings were up about 22% and this year earnings have been flat. The outlook is that the full year Corporate S&P earnings may be up 3% to 5% for the year. The talk about recession and the trade war is causing the market to go up and down. The last 12 months the stock market is up 3% to 4%. The 10-year bond currently has a yield of about 1.6%, which means bond prices have gone up. Bond market prices are up because of the fear of recession and Europe Bond Market yields are low or are even negative. The dollar has been strong and the stock market is just below an all-time high. The China issue may not be resolved in the next 12 months, which may hamper the economy.

Don Ross suggests putting some money to work.

Calvert County Sheriff's Office Pension Plan is funded at 100%. Calvert County Employees Retirement Plan as of 6/30/2019 is funded at 90%. OPEB as of 6/30/2019 is funded at 40% for the County and 25% for the schools.

At the last meeting, each plan made a commitment of \$1,000,000 to Lexington Capital IX fund. Don Ross suggested that OPEB might want to increase the commitment to \$1,500,000.

Don Ross stated that the second quarter report performance Calvert County Employees Retirement Plan YTD is up 15% and for the 12-month period 5.5%. OPEB YTD is 14.4% and the 12-month period 4.5%. Calvert County Sheriff's Office Pension Plan YTD is up 15% and the 12-month period 4.5%.

Dominic Raino joined the meeting at 9:30 a.m.

Don Ross continued by stating as of September 4, 2019, S&P return YTD is 18.8% but for the latest 12 months the return is only 3.5%. Growth is doing better than Value throughout.

As of the end of July 2019, Calvert County Employees Retirement Plan has a balance of \$84,430,641, the Calvert County Sheriff's Office Pension Plan has a balance of \$98,066,523 and OPEB has a balance of \$106,157,371.

Don Ross suggested that Calvert County Employee Retirement Plan move \$500,000 from Large Value to Large Growth and move \$1,000,000 to Core Fixed Income to rebalance which leaves \$1,300,000 in cash.

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MOTION: Tim Hayden motioned to move \$500,000 from Large Value to Large Growth, move \$1,000,000 from cash to Core Fixed Income to rebalance and leave \$1,300,000 in cash.

SECONDED: Dominic Raino seconded the motion for the Calvert County Employee Retirement Plan.

All were in favor. None opposed.

Don Ross suggested that Calvert County Sheriff's Office Pension Plan move \$1,000,000 to the Core Fixed Income and move \$500,000 to Russell Mid Cap Value Fund and that still leaves some cash.

MOTION: Tim Hayden motioned to move \$1,000,000 to Core Fixed Income and to move \$500,000 to Russell Mid Cap Value Fund.

SECONDED: Michael Moore seconded the motion for the Calvert County Sheriff's Office Pension Plan.

All were in favor. None opposed.

Don Ross continued with rebalancing suggestions for OPEB. The account value is \$106,157,371 with 9.5% in cash, which is \$10,000,000.

Don Ross suggested moving some cash into several areas of investments.

MOTION: Tim Hayden motioned for OPEB to move from cash \$1,000,000 to Core Bond, \$1,500,000 Short Duration, \$1,000,000 S&P 500 Index Fund, \$200,000 1000 Value Index, \$300,000 Russell 1000 Growth Index Fund, \$600,000 Mid Cap Value Index Fund and \$750,000 Earnest Partners Portfolio.

SECONDED: David Carpenter seconded the motion for OPEB.

All were in favor. None opposed.

Don Ross continued with performance and stated the Calvert County Employees Pension Plan is up 15.6% and the Equities up 20%. Calvert County Sheriff's Office Pension Plan Equities up 20%: target weights for Private Equities are the same as Calvert County Employees Retirement Plan. OPEB equities are up 19%, Aberdeen has done a little bit better than Lazard. Don Ross suggested committing more to private equity and to add \$500,000 to the Lexington IX Capital Partner.

MOTION: Tim Hayden motioned for OPEB to commit an additional \$500,000 to Lexington Capital Partners IX.

SECONDED: Genieve Clarke-Hillman seconded the motion for OPEB.

All were in favor. None opposed.

Don Ross continued with a discussion regarding Real Estate. Real Estate Investment Trusts (REITs) have done very well as interest rates have moved down. The REITs index had a 6-8% return year to date. Don Ross made

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a suggestion to have Cohen & Steers come in and to have two private real estate companies come in. Should there be a decision to commit to a real estate allocation of 3%, for example, the money could come from Equites (about 2%) and Fixed Income (about 1%).

MOTION: Tim Hayden motioned to adjourn OPEB.

SECONDED: Dina Davis seconded the motion for OPEB.

All were in favor. None opposed.

MOTION: Tim Hayden motioned to adjourn Calvert County Employees Retirement Pension Plan.

SECONDED: David Carpenter seconded the motion for Calvert County Employees Pension Plan.

All were in favor. None opposed.

OPEN DISCUSSION

Medical Retirement Revisions

David Payne stated currently the plan states that a person who retires from a line of duty disability would receive 70% for two years and drops to 58% after two years if the person does not become totally disabled. Once the normal retirement was set to 70%, the medical retirement was not adjusted to reflect this change. David Payne stated the amount begins at 70% to allow time for Social Security Disability approval. David Payne clarified that this change will only effect total line of duty disability. After reviewing the updated document, that the attorney revised, it was determined to place the discussion on hold.

MOTION: David Payne motioned that he would work with Michael Moore and Dave McDowell to discuss the terminology of the change to the disability retirement.

SECONDED: David Carpenter seconded the motion for the Calvert County 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.

The Calvert County Sheriff's Office Pension Plan adjourned at 11:16 p.m.