

RETIREMENT BENEFIT TRUST OF ST. MARY'S COUNTY (Friday, February 28, 2020)

Generated by Michelle Rance on Monday, March 2, 2020

Meeting called to order at 9:31 AM**1. 9:30 am - CALL TO ORDER**

Meeting called to order at 9:30am.

2. ROLL CALL**Members present:**

Dr. Rebecca Bridgett, County Administrator
Michael L. Hewitt, Commissioner Member
Jeannett Cudmore, Chief Financial Officer
Catherine Pratson, Human Resources Director
Mary Ann Murray, Community Representative

Others Present:

Jody Quasney, Finance Deputy Director
David Saunders, Asset Strategy
Ed Boyer, Asset Strategy
Michelle Rance, Administrative Recorder

A. Accept Agenda**Motion to accept the agenda.**

Motion by Commissioner Michael L Hewitt, second by Jeannett Cudmore.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Dr Rebecca Bridgett, Catherine Pratson

B. Approve meeting minutes of December 6, 2019**Motion to approve the minutes of December 6, 2019**

Motion by Jeannett Cudmore, second by Mary Ann Murray.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Jeannett Cudmore, Dr Rebecca Bridgett

Abstain: Commissioner Michael L Hewitt, Catherine Pratson

3. PRESENTATION**A. Asset Strategy Portfolio Update – Quarter ending December 31, 2019**

David Saunders and Ed Boyer presented the portfolio update. Discussed the general market changes for the quarter ending December 31, 2019 referencing page five of the St. Mary's County Retirement Trust: Quarterly Investment Analysis. Reviewed the historical index and focused on the results of the 2019 calendar year. Even without the effects of the current pandemic, reviewing the ten-year historical figures, we are expecting volatility in the current market to a reversion to the fifteen-year return of 9% or lower single digit number. Thus, when thinking about the portfolio it's important to think about downside protection and volatility. Turning to page eight, the chart shows that the asset allocation is within the plan policy. We are heavy in the areas of Large Cap and Small cap equities and underweight in high yield fixed income and real estate. Turned to the Market Value

Update to provide a snapshot of where the fund stands as of February 26, 2020 and noted that the portfolio is still within the plan policy ranges. Turned backed to pages ten through thirteen of the Quarterly Investment Analysis report and reviewed the total fund performance which is consistently outperforming the targets. Concluded the portfolio review with the private equity investments on pages fourteen and fifteen. We turned our attention to the St. Mary's County Retirement Trust February 2020 report. This report demonstrates the funds strategic allocation and three additional asset mix alternatives. Although the current allocation and all three alternative options are viable options, the consultants do not recommend a change at this time due to the funds long-term horizon and the lack of volatility in the current investments.

Concluding the portfolio and asset allocation updates, Mr. Boyer called attention to the two presentations he handed out prior to the start of the meeting. The first representing the ElmTree U.S. Net Lease Fund IV and the second the Ironsides Real Estate Fund. Mr. Boyer then led off with a recommendation to add these two funds to the portfolio for \$1.5 million for either or both funds. Mr. Saunders then presented the highpoints on the ElmTree fund followed by Mr. Boyer presenting highpoints of the Ironsides fund.

Motion made by Commissioner Hewitt to invest \$1.5M in ElmTree fund, second by Mary Ann Murray

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Dr Rebecca Bridgett, Catherine Pratson

Motion made by Commissioner Hewitt to invest \$1.5M in Ironsides Real Estate Fund, second by Mary Ann Murray

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Dr Rebecca Bridgett, Catherine Pratson

B. OPEB Contribution Policy

Kevin Binder and Timothy Barry, actuarial consultants from Bolton, presented an updated valuation on the plans funding as requested by the Board in December. The goal of the updated report is to confirm if a portion of the trust can fund the expenditures and maintain the high funding ratio. The request was for a multi-scenario 10-year forecast. Mr. Binder recommends an adoption of a contribution policy that considers the projected medical costs and the stock market trends to keep the trust at a contribution level that meets the established goals. Mr. Binder's best estimate is that the trust is projected to be in good shape at an 80% funding ratio with a \$1million drawdown per year. Bolton will plan to prepare another analysis in the fall and possibly present their findings at the December meeting.

4. COMMITTEE REPORTS

A. Plan Administrator Report

Jody Quasney presented the Plan Administrator's Report for February 28, 2020 with the following information:

- Capital Calls - Transfer of Funds since last meeting: **Transactions Totaling \$826,970.92**
- Administrative – Transfer of Funds since last meeting: **Fourth quarter 2019 invoice to Asset Strategy - \$18,425.00**
- Future Meeting Calendar:
 - May 29, 2020
 - August 28, 2020
 - December 4, 2020

Dr. Bridgett recommended moving the May 29th meeting due to the Memorial Day holiday to June 5th instead.

Motion to accept the Plan Administrator's Report.

Motion by Mary Ann Murray, second by Jeannett Cudmore.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Dr Rebecca Bridgett, Catherine Pratson

5. NEW BUSINESS

A. Certificate of Appreciation - Mary Ann Murray

Commissioner Hewitt presented the certificate to Mary Ann Murray

Mr. Boyer asked to add a footnote to their earlier presentation that PennyBacker will make a call for 12% of the \$1.5M, most likely next week.

Catherine Pratson asked to add an update on the consolidated investment manager RFP. She said that responses were due this week and that they had received 12 responses. There will be finalist interviews scheduled for April 9, 2020 from 9:00am to 1:00pm in the HR Conference Room and that all board members for the SORP, OPEB and LOSAP are invited to participate. An invitation will go out soon.

6. ADJOURN

Motion to adjourn the meeting.

Motion by Commissioner Michael L Hewitt, second by Jeannett Cudmore.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Dr Rebecca Bridgett, Catherine Pratson

Minutes approved by the OPEB Board on: 6/5/20