

RETIREMENT BENEFIT TRUST OF ST. MARY'S COUNTY (Friday, June 5, 2020)

Generated by Michelle Rance on Friday, June 26, 2020

Due to COVID19 and social distancing guidelines, WebEx video conferencing was added so that some members as well as the Asset Strategy Partners could attend remotely

1. Meeting called to order at 9:30 AM

Meeting called to order at 9:34 am.

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 (attended via WebEx – joined at Asset Strategy Presentation)

Others Present:

Jody Quasney, Finance Deputy Director (attended via WebEx)

David Saunders, Asset Strategy (attended via WebEx)

Ed Boyer, Asset Strategy (attended via WebEx)

Michelle Rance, Administrative Recorder

A. Motion to accept the agenda

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

Final Resolution: Motion Carries

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

B. Motion to approve meeting minutes of February 28, 2020

Motion by Catherine Pratson, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

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

3. PRESENTATION**A. Asset Strategy Portfolio Update - Quarter Ending March 31, 2020**

David Saunders presented the portfolio update. Discussed the general market changes for the quarter ending March 31, 2020 referencing the St. Mary's County Retirement Trust: Quarterly Investment Analysis. Turned to page four which shows historical indexes and the sharp downturn in the Equity Markets and Fixed Income Markets. The pandemic has brought a lot of uncertainty into the markets. Despite the downturn in the last quarter, in reviewing the long-term trends, the S&P500 is still up 10.5% over 10 years. We have had a nice recovery post first quarter, but we expect some continued volatility. Turned to page seven and reviewed the Total Fund Allocation and confirmed the plan is in compliance with all of the allocations. Turned to page nine and reviewed the annualized returns. Happy to report that despite the downturn in the market, the portfolio is down 11.1% which is ranked in the top 10 percentile among its peers. It's a downturn, but not as much as it could have been due to the diversification in the portfolio to sustain the losses experienced. Reviewed page ten which reflects calendar year returns and reviewed the strong returns and good competitive peer rankings over the last five years. Turned to page eleven to review the sharp ratio at 3 years and 5 years which is the level of

return compared to the unit of risk. Asset Strategies remains conscious of the level of risk maintained in the portfolio.

Ed Boyer began his presentation with the review of pages twelve through fifteen which is a clearer picture of the percentile ranking and the relationship of return of the total fund that David reviewed. Ed went through each of the funds and recommended that we terminate Delaware Value and move the funds to the S&P500 Value ETF with the anticipation of a better return and a lower cost vehicle.

Motion by Commissioner Hewitt to terminate Delaware Value and move it to the Vanguard S&P 500 Value ETF.

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

Final Resolution: Motion Carries

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

Additionally, Ed recommended that we terminate the relationship with Diamond Hill Small Mid Cap Fund and split the funds between Russel Mid Cap Index Fund in the Nationwide Geneva Small Cap Growth Fund.

Motion to move the items as presented.

Motion by Jeannett Cudmore, second by Mary Ann Murray.

Final Resolution: Motion Carries

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

Ed requested the Board to consider, since the fund has liquidity, to terminate the Lord Abbott Short Duration Fund and split the assets equally between Delaware Diversified Income fund and Loomis Sayles Core Plus Bond fund. The advantage is an expected better performance due to the investment managers wider spectrum of investment opportunities.

Motion to move half of Lord Abbott Short Duration to Delaware Diversified Income fund and the other half to Loomis Sayles Core Plus Bond fund.

Motion by Commissioner Michael L. Hewitt, second by Mary Ann Murray

Final Resolution: Motion Carries

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

Ed recommended the Board increase its allocation by \$700,000 into the Ironsides Opportunity fund. The managers are reopening an annex fund to continue with the same strategy and allow existing investors to invest as the managers are seeing additional opportunities that they would like to take advantage of quickly. They are opening another fund later in the year, but they do not want to miss out on the current opportunity. Thus, the annex fund. The money to invest would come from cash with calls over the next six months.

Motion to add \$700,000 to Ironsides Opportunity from existing cash.

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

Final Resolution: Motion Carries

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

Ed noted in our last meeting we approved an investment in Ironsides Real Estates fund for \$1.5M. The managers have decided not to open the fund due to the market conditions affecting real estate. Asset Strategies will come back in the future with a new real estate offering(s).

Ed turned his presentation to the review of the Private Market Investments on pages sixteen and seventeen. Catherine Pratson asked if there is a benchmark to compare the returns with the alternative investments. Ed noted that they prepare an annual report each August or September comparing the alternate investments to the public market equivalents. The goal is to deliver 300 basis points over the public market equivalents to compensate for the lack of liquidity in these investments.

Concluding the presentation reviewing the Market Value update prepared on June 3, 2020. The update shows a good rebound with a fund increase from \$80.5M to \$89.5M from March 31, 2020. They anticipate a reduction in cash with the upcoming capital calls.

Motion to accept the Asset Strategy Report for quarter ending March 31, 2020.

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

Final Resolution: Motion Carries

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

4. COMMITTEE REPORTS

A. Plan Administrator Report

Jody Quasney reported on the following:

- Capital Calls - Transfer of Funds since last meeting: **Transactions Totaling \$1,035,019.28**
 - Accolade Partners Growth VI-C, LP \$112,500.00
 - ABR Chesapeake Investors VI LP - \$54,359.00
 - FCP Fund IV Trust \$39,735.08
 - Greenspring Opportunities IV LP \$15,000.00
 - Greenspring Secondaries Fund IV, LP \$135,000.00
 - JMI Equity Fund IX-A., LP \$262,500.00
 - Multi-Alt Opp Fd A WF AS SEC PTY \$69,319.61
 - Pennybacker V GP, LLC - \$178,908.00
 - Valstone Opportunity Fund VI-AIV I, LLC \$167,697.59

- Administrative – Transfer of Funds since last meeting: **Transactions Totaling \$38,565.00**
 - First quarter 2020 invoice to Asset Strategy - \$18,425.00
 - Valuation study for Bolton Partners - \$2,000.00
 - Fiduciary insurance renewal for Riggs, Counselman, Michaels & Downes - \$18,140.00

- Future Meeting Calendar:
 - August 28, 2020
 - December 4, 2020

Motion to approve the Plan Administrator's Report.

Motion by Mary Ann Murray, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

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

5. OLD BUSINESS

A. Investment Manager RFP Update

Catherine Pratson reported the update for the Consolidated Investment Manager RFP saying it ended with 12 bidders, resulting in a short list of 6. The next step in the process will be to schedule the finalist for in-person interviews, which have yet to be schedule due to COVID19 meeting guidance. The short list participants will be notified 30 days in advance of the meeting as will the board members from SORP, OPEB and LOSAP, all will be invited to attend.

6. ADJOURN

A. 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: 8/28/2020