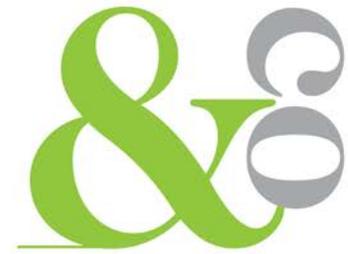


Putting clients first.



To: **Board of Trustees, Howard County Retirement Plans**

From: Trevor Jackson, Senior Consultant, AndCo Consulting

Date: November 30, 2018

Re: Annual Liquidity Review

On an annual basis, AndCo reviews the liquidity of the Howard County Retirement Plans. This review considers fiscal year net cash flow and liquidity of the underlying investment holdings, specifically illiquid and limited liquidity strategies.

Please see detail below:

Howard County Liquidity 2018 Review

<u>FYE 2018</u>	<u>Police and Fire</u>	<u>General</u>	<u>Total</u>
Benefits	\$24,755,084	\$16,809,399	\$41,564,483
Contributions	<u>\$34,196,485</u>	<u>\$18,996,878</u>	<u>\$53,193,363</u>
Net Cash Flow	\$9,441,401	\$2,187,479	\$11,628,880

Summary: There is Net Positive Cash Flow. Cash flow becomes a concern around negative cash flows greater than 3%-4% per year.

Illiquid or limited liquidity Investment Summary

As of 9/30/2018	<u>Investment</u>	<u>% of the Fund</u>	<u>Max Target %</u>
Real Assets	\$ 33,659,878	3.23%	12.50%
Private Equity	\$ 129,314,921	12.42%	15.00%
Hedge Funds (limited)*	<u>\$ 118,435,757</u>	<u>11.37%</u>	<u>15.00%</u>
	\$ 281,410,556	27.02%	42.50%

*Hedge funds are not illiquid, but fund documents do allow managers to suspend redemptions. They are included in the calculation only for a worst-case scenario illustration.

Summary: There is no liquidity concerns at this time given the positive cash flow and overall allocation to illiquid/limited liquidity holdings.