

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

May 28, 2020

(Revised June 25, 2020)

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, May 28, 2020 at 9:30 a.m. via a WebEx conference.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Janet Irvin
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Voting Member in Fiscal Year 2020)
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker (Non-Voting Member in Fiscal Year 2020)
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl
Representative, Howard County Police Officers' Association, Lodge 21:
 Nicolas Holocker

Members Absent

None.

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer Designee: John Peterson
Director of Finance Designee: Deputy Director of Finance: Angie Price
Budget Administrator Designee: Janssen Evelyn
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and Municipal
 Employees Local 3085: Dale R. Chase

Representative, American Federation of State, County and
Municipal Employees Local 3080: Melanie Avery

Members Absent

None.

Also present for all or a portion of the meeting were:

Maya Cameron, County Auditor's Office
Lori Buchman, Department of Finance
Sima Taghavi, Department of Finance
Margaret Belmondo, NEPC
Will Forde NEPC
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.
Jamar Herry, Office of Law
Scott Southern, Assistant Retirement Coordinator

Wanda Hutchinson acted as Chair of the meeting and Paul Madden acted as secretary.

The members of each Committee unanimously approved the minutes of the April 30, 2020 meeting.

Scott Southern explained that the disability recertification process is being delayed this year to give disability retirees additional time to provide the required information. Scott expects to present this information at the next committee meeting.

Sima Taghavi reported on the Statement of Revenues and Expenses, Budget vs. Actual, as of March 31, 2020 for the Employees Plan. Sima noted that the Employees Plan experienced a net operating loss of \$30 million as a result of a fiscal year to date investment loss of \$28.4 million. The fiduciary net position for the Employees Plan is \$448.2 million as of March 31, 2020. Expenses were in line with the budget.

Next, Sima Taghavi reported on the Statement of Revenues and Expenses, Budget vs. Actual, as of March 31, 2020 for the Police & Fire Plan. Sima noted that the Police & Fire Plan experienced a net operating loss of \$34.9 million as a result of the fiscal year to date investment loss of \$35.8 million. The fiduciary net position for the Police & Fire Plan is \$584.5 million as of March 31, 2020. Expenses were in line with the budget.

Next, Will Forde reviewed the April 2020 flash report prepared by NEPC. Will noted that April was a good month with a positive return of 5.1%. The Plans' equity managers did very well, while core fixed income was in line with expectations. NEPC recommends trimming Bailey Gifford, which performed well, by \$15 million and moving the money to U.S. equities.

Margaret presented the NEPC performance report for period ending March 31, 2020. The Plans lost 10.3% for the quarter which ranked in the 20th percentile as compared with peers. Margaret noted that the median return for the 1st quarter was negative 12.6%. The return of the Plans US equity composite was negative 22.2%. Value stocks underperformed growth stocks. In particular, LSV was down 33% for the quarter. Margaret noted that moving assets from the Invesco Enhanced Index to the BlackRock S&P 500 Equity Index was beneficial as BlackRock outperformed Invesco by 2%. The S&P 500 Index did relatively better than other equity classes. DFA was disappointing; NEPC will revisit DFA in the fall.

Looking at the Plans' risk adjusted returns, the Plans' have achieved a higher return than peers while taking less risk over 3 and 5 year periods.

After further discussion and upon motion duly made, seconded and approved, the Joint Committee adopted the following resolution:

RESOLVED: that the Committees approve NEPC's recommendation to move \$15 million from Bailey Gifford to the BlackRock S&P 500 Equity fund.

Janssen Evelyn abstained.

NEPC noted that BlackRock had an ownership change and Westfield had a personnel loss. NEPC does not recommend that the Plans take any action.

At 11:06 a.m., a motion was made by Dale Chase and seconded by Janssen Evelyn to close the meeting pursuant to General Provisions Article § 3-305(b) to consider the investment of public funds and to comply with a specific constitutional, statutory or judicially imposed requirement that prevents disclosures about a particular matter or proceeding. Wanda Hutchinson, Lonnie Robbins, Angie Price, Janssen Evelyn, Jeff Bronow, Dale Chase and Melanie Avery all voted in favor of the motion. There were no negative votes, absences or abstentions.

At 11:07 a.m., a motion was made by Richard Ruehl and seconded by Holly Sun to close the meeting pursuant to General Provisions Article § 3-305(b) to consider the investment of public funds and to comply with a specific constitutional, statutory or judicially imposed requirement that prevents public disclosures about a particular matter or proceeding. Wanda Hutchinson, Lonnie Robbins, Jason Luckenbaugh, Vincent Baker, and Cole Holocker, Janet Irvin, Holly Sun and Richard Ruehl voted in favor of the motion, were absent. There were no negative votes, absences or abstentions.

Lori Buchman, Margaret Belmondo, Paul Madden, Scott Southern and Sima Taghavi participated in the closed session. During the closed session the Committees discussed a potential investment in the CarVal CVI Credit Value Fund V.

When the meeting reopened, the Joint Committee adopted the following resolution:

The resolution approved following the closed session was:

Resolved: that the Joint Committee adopts the recommendation of NEPC to commit \$25 million to the CarVal CVI Credit Value Fund V, subject to completion of due diligence and legal review. The first capital call will be funded from assets currently invested in hedge funds

There being no further business, the meeting adjourned.

Respectfully submitted,

Paul Madden

Paul W. Madden
Secretary of the Meeting

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**EXHIBITS
TO
MINUTES OF HOWARD COUNTY POLICE AND FIRE EMPLOYEES'
RETIREMENT PLAN
AND HOWARD COUNTY RETIREMENT PLAN
JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES
May 28, 2020**

1. Statement of Revenues and Expenses, Budget vs. Actual as of March 31, 2020 for the Howard County Retirement Plan
2. Statement of Revenues and Expenses, Budget vs. Actual as of March 31, 2020 for the Howard County Police and Fire Retirement Plan
3. NEPC Meeting Materials:
 - April Flash Report
 - 1st Quarter Performance Report