

**MINUTES OF THE
MEETING OF THE PENSION OVERSIGHT COMMISSION
March 11, 2019**

A meeting of the Pension Oversight Commission (POC) for the Howard County Retirement Plan and the Howard County Police and Fire Employees' Retirement Plan was held Wednesday, March 11, 2019 at 8:30 a.m. in the Pasadena room of the Ascend One Building at 8930 Stanford Blvd. Columbia, MD 21045. Members also participated via conference call. Present in person and on the phone for all or part of the meeting were the following voting members of the Commission:

Ken Barnes
Jae Chon
Peter Hong
Todd Snyder

Also present in person and on the phone for all or part of the meeting were Scott Southern from the Office of Human Resources, and Cynthia Peltzman from the Office of Law. Mr. Snyder chaired the meeting and Mr. Southern served as secretary.

The meeting was called to order at 8:35 a.m. The commission approved the minutes for the December 10, 2018 meeting with an amendment stating that the commission agreed to have Mr. Snyder reach out to the County Council and the County Executive on their behalf. The commission asked that the minutes from the January 23rd meeting be revised before they would approve them.

The next order of business was to go over the response that the commission received to the letter dated December 17, 2018. The commission felt that the response in general did not provide the level of detail that they wanted. For item 1 the commission felt that there should be a written report from the Plans legal counsel regarding the due diligence that he performed when reviewing the qualifications of Andco Consulting as the transitional investment consultant. The commission wanted to know if there was a way that that they could review the due diligence that Summit Strategies performed, even if they had to go into a closed session to review the document. Ms. Peltzman stated that she would have to check with the Retirement Plan Committees legal counsel, Jamar Herry. The commission thought that there may be a conflict of interest with Summit Strategies if they were benefitting from the completion of the transition to Andco.

The commission next reviewed item 5 of the letter concerning the criteria for the selection of the plans investment advisory consultant. The commission was directed to section D of the RFP to review the criteria. While the RFP has standard criteria, the commission wanted to know how the subcommittee evaluated that criteria.

The commission then discussed the compiled response to item 7 which addressed the annual report for the fiscal year ending June 30, 2017. The asked if there was a comprehensive indexed compilation of all adopted policies. Mr. Southern advised that there was not a policies and procedures manual for the running of the retirement plan. The Plan itself is written into the county

code and the administration is outlined. The plan is also audited each year and the auditors question the procedures followed in the proper administration of the Plan. The commission wanted to know if they can review the completed questionnaires provided to the auditors. Mr. Southern stated that he would check to see if that can be provided. The commission recommended that the plan undergo a SOC audit and not just a financial statement audit.

The commission felt that there should be more information on the due diligence being performed by the retirement plan committee regarding the plans service providers. They would like to know if they are reviewing the service provider SAS 70 or SOC documents. The commission reiterated that they were hoping for more detail to the response. Ms. Peltzman advised that the commission should be very specific in their requests.

The discussion moved on to the production current year's annual report. The commission questioned the reasonableness of the fees to the plan. They felt they should do a comparison of the plans expenses with a peer group. Mr. Snyder wanted to get an assessment of the underlying fees associated with the alternative investments. Mr. Hong wanted to know if they needed to assess the underlying fees. Mr. Snyder felt they should determine if the retirement plan committee has a way to analyze the fees to make sure they are reasonable. The commission wanted to know if there has been assessment that they can have so they could run a test on one of the fees.

The commission deliberated about breaking down the asset classes in their report so they could give their opinion and make suggestions on each class. The members reviewed the recent adjustment to the Plans investment return assumption from 7.5% to 7.45% based on the recent actuarial valuation and experience study. While they feel it is a move in the right direction the move is not large enough. The commission feels that the retirement plan committees are concerned about the impact that a larger decrease would have to the county budget. They feel that as fiduciary to the Plan the committees should not be thinking about the political aspect.

The commission requested a conference call with Bolton to go over the actuarial portion of the report. They will inquire why there is a difference in the funding levels of the of the Howard County Retirement Plan and the Howard County Police and Fire Employees Retirement Plan and if there is a goal to have the funding level equal. The County Council posed that question during the commissions presentation to them earlier in the year. Mr. Southern was tasked with setting up the call for either March 22 or 25 in the morning.

As a new member of the commission Jae Chon agreed to produce the investment return and performance section of this year's report.

With no further issues to discuss, the meeting was adjourned at 9:55 a.m.

Respectfully Submitted,



Scott Southern
Office of Human Resources