

**MINUTES OF THE  
MEETING OF THE PENSION OVERSIGHT COMMISSION  
June 3, 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 Monday, June 3, 2019 at 8:30 a.m. in the Columbia 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  
Todd Snyder  
Mitch Stringer

Also present in person and on the phone for all or part of the meeting was 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 8:31 a.m. Mr. Snyder asked Mr. Barnes to go over his review of the actuarial portion of the annual report. Mr. Barnes described some of the topics in his submission including the percentage changes for the employer contributions to the retirement plans, the unfunded accrued liabilities, and the funded ratio of the plans. He also discussed the subsequent events since the end of fiscal year 2018; including the investment returns and the lowering of the return assumption from 7.5% to 7.45%. He reviewed the experience study presentation provided by Bolton, depicting that the actuary urged the Retirement Plan Committee to decrease from 7.5% to 7.25%. He also noted that it was discussed by the RPC that the risk of the investments could not be lowered until the discount rate is lowered to 7%. The inflation assumption was also addressed by Mr. Barnes.

The commission believes that their recommendation should include that a 5 basis point reduction in the discount rate is still too small. It was felt that Bolton gave the Retirement Plan Committee an out by stating that 7.45 was within an acceptable range of 7.5%-7.0%.

The commission wanted to know what information the County Council receives to decide on the county's contribution to the retirement plan. They question if the RPC is taking into consideration the county budget in evaluating the appropriate rate. The commission would like to understand the role of the County Council in this process. Does the council get a recommendation for reducing risk when assessing the county contribution? How much information does County Executive Calvin Ball receive?

Next the discussion covered the subject of switching from fund of fund investments to direct investments. The commission questioned if the RPC had the experience to perform the proper due diligence. Direct investments may require a high degree of reliance upon NEPC. The commission members believe that more complex investments would require the County to hire a Chief Investment Officer(CIO) or at least a senior investment analyst.

Mr. Barnes asked the other commissioners if they had seen the article in the Baltimore Sun where Councilman David Yungmann stated that the county budget didn't adequately fund the retirement benefits. He was not sure what this meant but would reach out to the Councilman for clarification.

Another point that the commission members wanted to address in their annual report is that they can't determine the risk in the plan and the appropriateness of the assumptions without having more access to information regarding the alternative investments. They are unable to tell if the returns are real or not.

Mr. Snyder asked if the other commission members had a chance to review the letter he wrote on behalf of the Pension Oversight Commission to Dr. Calvin Ball requesting a meeting. He detailed past attempts he had made to request an audience with the County Executive that have not been answered. The commission members felt the letter was appropriate and approved Mr. Snyder to send the letter on behalf of the commission.

The commission scheduled a meeting for the completion of the annual report on June 17, 2019 at 8:30 a.m. Cynthia Peltzman advised that the meeting can be held in closed session.

With no further issues to discuss, the meeting was adjourned at 9:18 a.m.

Respectfully Submitted,



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Scott Southern  
Office of Human Resources