

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

**JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES
December 2, 2021**

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, December 2, 2021 at 9:00 a.m. in-person and through via a WebEx conference.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Anju Bennett
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Rafiu Ighile
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
Jason Luckenbaugh (voting Member in Fiscal Year 2022)
Representative, Fire and Rescue Supervisory Employees: Vince Baker (non-voting Member in Fiscal Year 2022)
Representative, Howard County Police Officers' Association, Lodge 21:
Nicolas Holocker
Representative, International Association of Firefighters, Local 2000:
Richard Ruehl

Members Absent

None.

Employees Plan:

Members Present:

Human Resources Administrator: Anju Bennett
Chief Administrative Officer Designee: John Peterson
Deputy Director of Finance: Angela Price
Budget Administrator Designee: Angela Cabellon
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

Member Absent

None

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

Scott Southern, Retirement Coordinator
Karen Gerald, Assistant Retirement Coordinator
Nike Yahaya, Retirement Assistant
Sima Taghavi, Department of Finance
Lori Buchman, Department of Finance
Margaret Belmondo, NEPC
Will Forde, NEPC
Francesca LoVerde, NEPC
Jamar Herry, Office of Law
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.

Anju Bennett acted as Chair of the meeting and Paul Madden acted as secretary.

The minutes of the October 28 and November 19, 2021 meetings of the Joint Committee were approved by the members of each Committee.

Anju Bennett noted that Brandee Ganz is not able to attend this meeting. Her cyber security presentation has been rescheduled for the January meeting.

Jeff Bronow and Lonnie Robbins reported on the conference that they recently attended. The conference was sponsored by the Public Funds Forum. Many of the speakers addressed ESG issues. Margaret offered that she will share ESG policies of some NEPC clients and share NEPC ratings of funds in which Howard County Master Trust (HCMT) invests. Jeff offered to provide some links on ESG to Scott. Dale offered to share NCPERS's white paper on the topic.

Cheri Amoss of CLA presented the Independent Auditors' Report on the financial statements for the Plans. In CLA's opinion, the financial statements for both Plans present fairly in all material respects, the respective financial positions of the Plans as of June 30, 2021 and 2020, and the respective changes in the financial positions for the years then ended in accordance with accounting principles generally accepted in the United States of America. The CLA opinion is an unmodified opinion.

In her presentation, Cheri discussed the risk-based audit approach and the responsibilities of management, the auditors and plan fiduciaries. The risk-based approach concentrates on areas of higher risk including investments, contributions, benefit payments and participant data. Cheri noted that management is responsible for preparing the financial statement, the auditors perform an audit in accordance with generally accepted auditing standards and generally accepted government auditing standards. CLA issues the auditor's opinion and required reports. The Committees are charged with oversight of the audit process. Cheri noted that the accounting policies remain consistent with prior years and there were no new financial statement disclosures. In addition, there were no corrected or uncorrected misstatements identified and no disagreements with management.

Cheri referred to notes in the financial statements addressing net pension liability of the County. She noted that the plan fiduciary net position as a percentage of total pension liability as of June 30, 2021 was estimated, based on the Plan's actuarial assumptions, at 99.71% for the Police & Fire Plan (up from 83.22% as of June 30, 2020) and 108.87% for the Employees Plan (up from 91.02% as of June 30, 2020).

Following the presentation, and after questions from the members of the Committee and the consultants, Ms. Amoss left the meeting.

Margaret Belmondo presented the 3rd Quarter Investment Performance Report. The assets of the Plan totaled \$1.44 billion as of September 30, 2021 and had an investment gain of \$18.2 million during the quarter. The Plan gained 1.3% (gross) in Q3. The quarterly return ranked ahead of the median in the 21st percentile of the Public DB peer group.

For the trailing one year, the fund was up 21.5%, which underperformed the IF Public DB > \$1B Gross Median return of 21.9% and ranking in the 56th percentile. In the aggregate, the US Equity Composite was down -0.6% for the quarter, which underperformed the Russell 3000 benchmark return of -0.1% and the eV All US Equity Gross Median return of -0.3%. The Fixed Income Composite returned 0.0% in the third quarter, which underperformed the eV All US Fixed Income Gross Median return of 0.1%. Margaret noted that, over 3 and 5- year periods, the Fund has higher returns at lower risk than its peers.

Margaret Belmondo presented the Q2 2021 private markets report. The internal rates of return are as follows: private equity - 19.41%; real estate - 5.41%; real assets - 10.83% and private debt - 16.47%.

Will Forde presented the October 2021, Preliminary Performance Report. The total fund returned 2.0% for the month. The fiscal year to date return is 3.3%. The market value of the fund as of October 31 was \$1.47 billion.

Margaret presented NEPC's analysis of the management fees paid by HCMT. Generally, the fees are in line with or lower than the median. NEPC did not identify and areas of concern.

Kent Miller, Damian Davis and Andrew Fones joined the meeting virtually to discuss the Brown Capital small company strategy. Generally, Brown employs a buy and hold strategy and is benchmark-agnostic. Brown's sell discipline employs patience and tolerance for short-term underperformance. Since inception, Brown has an annualized return of 17.42% as compared with the Russell 2000 Growth benchmark return of 13.15%. However, Brown's performance for the trailing one year (13.15%) significantly trailed the benchmark, which returned 33.27%.

There being no further business, the meeting adjourned.

Respectfully submitted,

Paul Madden

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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
December 2, 2021**

1. CLA Presentation Materials
 - Howard County Retirement Plan - Financial Statements and Required Supplementary Information – Years Ended June 30, 2021 and 2020
 - Howard County Police and Fire Employees’ Retirement Plan - Financial Statements and Required Supplementary Information – Years Ended June 30, 2021 and 2020
 - Howard County and Police and Fire Employees’ Retirement Plan – Audit Results – Presentation of Audited Financial Statements

1. NEPC Open Session Meeting Materials, December 2, 2021.
 - Q3 2021 Quarter in Review
 - Q3 2021 Total Fund Performance
 - Q2 2021 Private Markets Report
 - October Preliminary Performance Report
 - Fee Study Review
 - Brown Capital Presentation

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