

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

**JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES
January 27, 2022**

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, January 27, 2022 at 9:00 a.m. 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
TJ Mayotte, Deputy CIO, Howard County
Margaret Belmondo, NEPC
Francesca LoVerde, NEPC
Ann Sturner, Bolton
Tom Lowman, Bolton
Jordan McClane, Bolton
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 December 2, 2021 meeting of the Joint Committee were approved by the members of each Committee.

Ann Sturner, Thomas Lowman and Jordan McClane presented the actuarial valuation results as of July 1, 2021. The July 1, 2021 valuation provides the County's recommended contribution for fiscal year 2023. Bolton's report provided a participant's summary, historical Howard County contribution rates and a history of the funded ratio.

Ann Sturner presented the results of the Police and Fire Plan. Ms. Sturner reviewed the participant's summary provided in the report, as well as historical County contribution rates and historical changes in the funded ratio. If the Committee elects to keep the investment return assumption at 7.35%, the County contribution as a percentage of payroll will be 32.4% and the funded percentage will be 91.3%. If the Committee adopts the recommendation of Bolton to reduce the investment return assumption to 7.25%, the employer contribution will increase to 34.2% of payroll and the funded percentage will be 90.0%.

Ann provided local and national data on the discount rates of public defined benefit plans. This included a study of investment return assumptions by the National Association

of State Retirement Administrators as well as a survey of Bolton's Maryland clients. Tom Lowman indicated that the Plans' investment return assumption is in the comfortable range. Nevertheless, Bolton recommends a 0.10% reduction.

Jordan McClane presented the actuarial valuation for the Employees Plan. As with the Police and Fire Plan, the July 1, 2021 valuation provides the County's recommended contribution for fiscal year 2023. Mr. McClane reviewed the participant's summary provided in the report, as well as historical County contribution rates and historical changes in the funded ratio.

If the Committee elects to keep the investment return assumption at 7.35%, the County contribution as a percentage of payroll will be 9.4% and the funded percentage will be 100.9%. If the Committee adopts the recommendation of Bolton to reduce the investment return assumption to 7.25%, the employer contribution will increase to 9.7% of payroll and the funded percentage will be 100.5%.

Bolton recommends reducing the investment return assumption for both Plans from 7.35% to 7.25% and reducing the inflation/COLA assumption from 2.60% to 2.50%, effective July 1, 2022. The changes will impact the County contributions for the fiscal year ending June 30, 2023.

Upon motion duly made and seconded the following motion was approved by the members of each Committee

RESOLVED: that the Committee adopts each of the following Bolton recommendations:

- Decrease the investment return assumption from 7.35% to 7.25%
- Decrease the inflation/COLA assumption from 2.60% to 2.50%
- Revisit these assumptions next year and consider further reductions

Next, TJ Mayotte, Deputy CIO for Howard County made a presentation on the NIST Cybersecurity Framework, including steps to identify, protect against, detect, respond to and recover from cybersecurity threats.

Margaret Belmondo presented the November 2021 and December 2021, Preliminary Performance Reports. The total fund returned -1.4% for November and +2.0% for December. The fiscal year to date return as of December 31, 2021 was 3.9%. The market value of the fund as of December 31 was \$1.48 billion.

Margaret Belmondo presented NEPC's market outlook and asset allocation review. NEPC's 10-year return expectations are down 20 basis points: 10-year volatility is down 0.21%. NEPC does not recommend any changes to the fund's asset allocation.

Margaret presented a proposed 2022 work plan and introduced draft ESG policy language. Discussion on ESG language was postponed to a future meeting.

Margaret also provided a follow-up on Brown Capital. NEPC is neutral on Brown Capital and does not recommend any action.

Scott Southern and Ann Sturner led a discussion of the capabilities of the PensionSoft software used by Howard County, the additional available capabilities, the benefits of utilizing additional capabilities, information security and the implementation process.

Currently, the County utilizes PensionSoft to give participants access to their benefit information via computer, tablet or smart phone, to allow the retirement staff access details and see participant activity. Participants and staff have online access to annual pension statements. Participants have access to on-demand pension estimates and general plan information and forms

The potential enhancements to the PensionSoft program would permit the County retirement team to change data such as earnings, employment history, military, purchased and transferred service and to create official benefit calculations rather than current estimates. Benefit payment election forms can be produced within the portal for individual participants upon retirement. The enhancements would also allow participants and staff to initiate retirement directly within the portal and then track process through until retirement. The improvements can also integrate other retirement plan and financial information to calculate targeted income replacement ratios.

Once the update is approved the implementation of the enhanced features would take approximately 4-6 months. The cost for enhancements, which would not be incurred until fiscal year 2023, include an initial set-up fee approximately \$35,000 to \$50,000, an increase in the annual data maintenance fee of \$27,000, and a \$2.00 per participant increase in the fee for participant record management.

Anju Bennett and Rafiu Ighile discussed additional critical resource needs for the pension program in the areas of human resources support and financial support. They requested one additional pension analyst for the Office of Human Resources pension administration team and one Fiscal Specialist II in Finance to support pension investment management. Positions are needed at the Administrative Analyst II (grade K) position. The expected annual costs of the new positions would be approximately \$200,000.00

Paul Madden noted that the memorandum from Anju and Rafiu clearly documents that the expenses for the PensionSoft enhancements are reasonable expenses of administering and operating the plan.

After discussion and motion duly made and seconded, it was

RESOLVED: that the Committees approve the recommended enhancements to the PensionSoft software.

Dale Chase raised a governance concern that the two additional personnel, as well as the personnel that currently provide administrative support for the Plans are employees of the County rather than employees of the Plans. After discussion and motion duly made and seconded, it was

RESOLVED: that the Committees approve the hiring of one pension analyst for the Office of Human Resources pension administration team and one Fiscal Specialist II to support pension investment management. Positions are grade K position. The expected annual costs of the new positions would be approximately \$200,000.00.

Dale Chase abstained.

Next, the meeting of the Committee for the Employees Plan adjourned. At 11:50 a.m., a motion was made by Lonnie Robbins and seconded by Rafiu Ighile to close the meeting of the Police & Fire Plan committee, pursuant to General Provisions Article § 3-305(b) to discuss a personnel matter that affects one or more specific individuals, to consult with legal counsel to obtain legal advice on a legal matter and to consult with staff, consultants and other individuals about pending or potential litigation. Anju Bennett, Lonnie Robbins, Rafiu Ighile, Holly Sun, Jason Luckenbaugh, Cole Holocker, Vince Baker and Richard Ruehl voted in favor of the motion. There were no absences, negative votes or abstentions.

Paul Madden, Jamar Herry, Scott Southern, Karen Gerald, Nike Yahaya and Sima Taghavi participated in the closed session. During the closed session the Committees discussed a confidential personnel matter.

When the meeting reopened, the Committee for the Police & Fire Plan took no action. There being no further business, the meeting adjourned.

Respectfully submitted,

Paul Madden

Paul 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
January 27, 2022**

1. Bolton Presentation Materials:
 - Howard County Retirement Plan, July 1, 2021 Actuarial Report Highlights
 - Howard County Police and Fire Employees' Retirement Plan, July 1, 2021 Actuarial Report Highlights
 - Proposed Expanded Usage of PensionSoft Capabilities, January 27, 2022
2. SharePoint Site link for the Joint Retirement Plans Committee members
3. Pension Cybersecurity Brief
4. Critical Needs Resources Memo (Anju Bennett and Rafiu Ighile) January 27, 2022
5. NEPC Open Session Meeting Materials, January 27, 2022:
 - November Preliminary Performance Report
 - December 2021 Preliminary Performance Report
 - 2022 Market Outlook and Asset Allocation Review
 - Brown Capital Update
 - Draft ESG Policy Language
 - Work Plan Review

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