

**MEETING MINUTES – review of Q2 2021**  
**Defined Benefit Plans – Pensions, OPEB, LOSAP**  
**August 11, 2021, 9:45**  
**Room 124C, Human Resources**

In attendance:

Marquette Associates (Investment Consultant)

Lauren Cellucci, CIMA, Vice President

Pension Committee Members present:

Robert Burk, Comptroller  
Tim Burke, County Attorney  
Kim Frock, HR Director  
Werner Mueller, Retirement Plans Manager

Unable to attend:

Ted Zaleski, Director of Management & Budget  
Charles Beckhardt, Technology Services

OPEB members present:

Rob Burk, Comptroller  
Werner Mueller, Retirement Plans Manager  
Timothy A. League, Director of Fiscal Affairs of CCC  
Chris Hartlove, CFO, Board of Education

Talking points from Lauren:

- Q2 GDP growth was forecasted by economists to be 9.1%, but it came in at 6.5%. Consumer spending remained strong, however, the disruptions across many supply chains have continued.
- Inflation continues due to those supply chain issues and high demand. Getting an inflation spike is not uncommon, however, coming out of a crisis.
- US Equities and International Equities were up 8.2% and 5.5%, respectively, in Q2. Emerging Market Equities were up 5%, underperforming both US and International. China is struggling with regulatory concerns. High-Yield Bonds were up 2.7% for the quarter. This asset class should fare well since the credit side of businesses are also doing well.
- While P/E ratios remain historically high, strong earnings are driving the equity market higher. In the real estate space, the retail and office sectors continue to struggle.
- All asset class weightings across all DB plans are within the Policy range. The County made its annual contributions across all Plans in early July. Those funds have already been invested.
- In Q2, The County Pension Plan investment returns are in the 37<sup>th</sup> percentile within the Public DB \$50M - \$250M category.

- It was quite the FY for investment returns across all plans: County Pension +27.4%, Law Officers Pension +26.5%, OPEB +27.3%, and LOSAP +28.7%. In comparison, the State of Maryland's pension system was +26.7%.

### **Plan Investments:**

Proposed change – Eliminate AF Washington Mutual position across both Pensions and OPEB and exchange into Vanguard 500 Index Fund. Washington Mutual leans toward “value” but has been underperforming the S&P 500 in environments favoring both growth or value. There'd be a fee savings as well (0.27% down to 0.035%).

Vote – all Committee members voted in favor of the change.

Northern Small-Cap Core slightly underperformed its benchmark in Q2; however, it's had a very strong July. It's been a difficult time for SC managers, given the speculative moves in several companies, such as AMC and GameStop.

The cash position in both pension plans and OPEB are being closely monitored as further real estate investment purchases will be upcoming. The infrastructure initial investment, however, won't occur until sometime in 2022.

We anticipate transitioning from the Carroll County Certified Law Officers Pension Plan to the Carroll County Public Safety Plan in the Fall. Electing Correctional Officers would move into the new Plan as well as future County-employed firefighters and emergency medical personnel. Werner will contact Bolton shortly to learn if shares can be moved from one investment in one plan to the same investment in another without having to liquidate and buy back shares. Werner will also contact Bolton to determine the amount of assets to be moved between plans.

We'll reconvene again sometime in November 2021. Specific date and time TBD.