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Department of Human Resources
Carroll County Government
225 North Center Street
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Carroll County Defined Benefit Plans
May 5, 2023, 10am, Room 105
Meeting Minutes

In attendance:

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|---|---|
| Werner Mueller – Retirement Plans Mgr., CCG | Kristy Bixler – HR Director, CCG |
| Charlie Beckhardt – Technology Services, CCG | Jenny Hobbs – Comptroller, CCG |
| Tim Burke – County Attorney, CCG | Bobbi-Jo Fout – Bureau Chief, Accounting, CCG |
| Lauren Cellucci – Managing Partner, Marquette Assoc. | Tim League – Dir. Fiscal Affairs, CC College |
| Rob Burk – CFO, Carroll County Public Schools | Barbie Lim – Controller, CC College |
| Ernesto Diaz – HR Director, Carroll County Public Schools | |
| Ted Zaleski – Director, Management & Budget, CCG | |

Presenter – Lauren Cellucci

- US economy continues to decelerate. Economists expected 1.7% of GDP growth in Q1. Came in at 1.1%.
- Poor oversight and investment decisions led to the fall of Silicon Valley Bank and Signature Bank, leading to additional tighter lending standards and pressure on loan growth.
- All asset classes were positive in Q1 2023, except for commodities due to falling energy prices.
- Growth outperformed Value in Q1 2023. Value stocks declined due to poor performance in financials and energy.
- Active managers – small-cap did well in Q1 2023.
- Infrastructure doing well, as contracts are tied to inflation. Real assets are a big unknown, especially in the office space area.
- For Pension Plans, the Fund Composite has outperformed the Policy benchmark over a 1-year, 3-year, and 5-year period.
- Asset allocation is within the Policy Range, except for Real Assets. We have outstanding redemption requests with MS Prime Property for \$ 3M (CCPP) and \$ 3.7M (OPEB). App. \$ 832k and \$ 1.26M, respectively, have been redeemed thus far.
- For individual holdings, Baird Aggregate Bond do not bet on interest rates. They, instead, bet on security selection. S&P 500 index is in the 19th percentile over past 5 years – very difficult for

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active managers to beat that number. Causeway International Opportunities has done particularly well, led by pharma and biotech companies. MFS Low Volatility has been underweighted in the finance and energy sectors, which has led to relative good performance.

- Over the past 3 years, both Pension Plans are in the upper-left quadrant when measuring Risk/Return and Upside/Downside. Excellent news.
- Investment management fees remain low – 0.30%.
- Given OPEB's 140% funding ratio, a case could be made to make the portfolio a bit more conservative.
- Recent security sales within LOSAP resulted in increasing the cash position to the 4% - 5% range. There would have been insufficient cash until the July County contribution had we not done so.

The next meeting will occur in August. Date and time TBD.