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Department of Human Resources
Carroll County Government
225 North Center Street
Westminster, Maryland 21157

MEETING MINUTES
Defined Benefit Plans – Pensions, OPEB, LOSAP
August 2, 2019, 9:45am (Pension & LOSAP), 11am (OPEB)
Human Resources (Room 124C)

In attendance:

Marquette Associates (Investment Consultant)
Lauren Cellucci, CIMA, Vice President
Luis Sierra, Senior Client Analyst

Pension Committee Members present:
Charles Beckhardt, Technology Services
Kimberly Frock, HR Director
Werner Mueller, Retirement Plans Manager
Ted Zaleski, Director of Management & Budget (joined mid-way)

Pension Committee members unable to attend:
Rob Burk, Comptroller
Tim Burke, County Attorney
Bruce Vanleuvan, Lieutenant, Sheriff's Department

OPEB members present (11am):

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

Talking points:

- CCG made its FY20 contribution in early July. That money has already been reallocated. Cash positions, as of 8/2/2019, are as follows:

  County Pension: 1.7%
  Law Officer's Pension: 2%
  OPEB: 0.5%
  LOSAP: 4.5%

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- Discussion and vote on selecting a “Core Real Estate” position to replace the TRP Real Estate Fund within the County Pension, Law Officer’s Pension, and OPEB has been postponed until our next quarterly meeting in November. Only 3 of 7 Committee members were present at the opening of the 8/2/2019 meeting.
- Upon selecting a “Core Real Estate” position, the Investment Policy Statements will be updated to reflect a change in the asset class from “REITS” to “Core Real Estate” with the benchmark transitioning from “Wilshire Real Estate Securities Index” to “NFI-ODCE.”
- FY19 investment returns in the County Pension Plan, the County Law Officer’s Plan, OPEB, and LOSAP were 8.2%, 8.3%, 8.2%, and 8.3% respectively – above their 7% actuarial rate target.
- Despite a tight labor market and loose financial conditions, the Fed is poised to embark on an easing cycle – only months after a somewhat aggressive tightening position in 2018. The futures market is projecting at least two more rate cuts by year-end and further cuts in 2020.
- The ISM index came in at 51, the lowest reading in 3 years. A reading below 50 would indicate a contraction of the manufacturing sector.
- Overall, the investment portfolios are somewhat less aggressive than they were pre-Marquette. There’s more of a value slant in equities and high-yield bonds have been virtually eliminated, as Baird has 98% or so of its holdings at BBB grade or higher.
- Investment returns have been phenomenal year-to-date, as most equity asset classes are up double digits. It’d be highly unrealistic to expect that to continue.
- Year-to-date, our Plans investment rankings are in the top 5 percentile in the “Investment Metrics Public DB Plans ($50M - $250M).” While terrific, we should be mindful that the Plans within this measurement have different funding ratios, unfunded liabilities, maturity levels, etc. across the country.
- Marquette continues to be cognizant of fees/expenses. The Plans’ Investment Management Fee is only 0.27%.

The next quarterly meeting will be held in November. Date and time are still TBD.