

RETIREMENT BENEFIT TRUST OF ST. MARY'S COUNTY

Friday, August 30, 2019

Generated by Eleanor Abell on Wednesday, October 23, 2019

1. CALL TO ORDER

Meeting called to order at 9:30 am.

2. ROLL CALL

Members Present:

Catherine Pratson, Human Resources Director
Michael L Hewitt, Commissioner Member
Jeannett Cudmore, Chief Financial Officer
Mary Ann Murray, Community Representative

Not Present:

Dr. Bridgett was not present at the meeting but was actively participating via teleconference.

Others Present:

Jody Quasney, Finance Deputy Director
David Saunders, Asset Strategy
Ed Boyer, Asset Strategy
Eleanor Abell, Administrative Recorder

A. Motion to Accept Agenda:

Motion to approve the agenda.

Motion by Commissioner Michael L Hewitt, second by Catherine Pratson.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

B. Approve Meeting Minutes of May 31, 2019

I'll make a motion to approve the minutes for May 31, 2019.

Motion by Mary Ann Murray, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Catherine Pratson

Abstain: Rebecca Bridgett

3. PRESENTATION

A. Asset Strategy Portfolio Update - Quarter Ending June 30, 2019

David Saunders and Ed Boyer presented the portfolio update. Discussed the general market changes for the quarter ending June 2019 referencing pages one through three of the St. Mary's County Retirement Trust: Quarterly Investment Analysis. Overall the first quarter results are positive. The benign inflation raised expectations for interest rate cuts. On a global market, the US rates were higher than the foreign markets which drove foreign investors to invest in the US Market which in turn drove the US interest rates down. Turning to page three shows that growth strategies continue to outperform value strategies; which explains the good performance in the fund. Moving to page five shows a single digit returns in the equity market. Thus, there is no need for any major adjustment in asset allocation at this time, but we will revisit in February. The discussion turned to the fund performance noted on page eight of the Quarterly Investment Analysis. It was highlighted that all the investments are within the policy range except the overage in the Large Cap Equity. Additionally, the Small Cap Equity was above the policy target, but still within the policy range. Both asset

allocations have been corrected and are now within the policy range as noted on the Market Value Update report. It is part of the strategy to keep large cash to support the expected capital calls. However, we will continue to measure cash allocation as to not hinder the fund performance. Concluded by reviewing the quarterly return by fund on pages ten to thirteen. The fund's earnings slightly outperformed the target of 3% by earning 3.3% for the quarter. Overall, the portfolio does not have too much risk but generating nice returns. The funds are still in the upper decile with respect to its peer ranking. The discussion concluded with the review of the Illiquid Alternative Investments Annual Report '19. Page eight shows St. Mary's out-performed the Index by 11.53%. Similarly, on page nine, the bar graph represents St. Mary's out performance of the index in red.

Suggestion that the Board look at the structure and longevity of the fund with Mary Claire and Bolton with the intent to start paying benefits to its members. Postpone the discussion of Ironsides investment until next year. Also, look at revisiting topic of budget payouts in February or next May when there is more information as the budget will be completed at that time. Must consider timing, market, etc. to determine benefit payout from the trust. Could also phase in the \$3.3M cost for example, pay \$1M from portfolio in approx. 18 months, shift transition strategy so not be so burdensome on portfolio.

I'll make a motion that we invest \$1 Million into Greenspring IV per your advice.

Motion by Commissioner Michael L Hewitt, second by Mary Ann Murray.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

I'll make a motion that we do the \$1 Million in the Chesapeake Fund VI.

Motion by Mary Ann Murray, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

Do I have a motion to accept the Asset Strategy Quarterly Report for June 30, 2019?

So moved.

Motion by Commissioner Michael L Hewitt, second by Catherine Pratson.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

4. COMMITTEE REPORTS

A. Plan Administrator's Report for August 30, 2019

Jody Quasney presented the Plan Administrator's Report for August 30, 2019 with the following information:

- Capital Calls - Transfer of Funds since last meeting: Transactions Totaling \$1,065,972.26.
- Administrative – Transfer of Funds since last meeting: Transactions Totaling \$18,425.00.
- Second quarter 2019 invoice to Asset Strategy: \$18,425.
- Future Meetings Calendar – December 6, 2019.

I move to accept the Administrators Report.

Motion by Commissioner Michael L Hewitt, second by Mary Ann Murray.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

5. OLD BUSINESS

A. Request for Proposal (RFP) for Joint Investment Manager.

Catherine Pratson presented information regarding the RFP for Joint Investment Manager. THE CSMC approved that we would submit an RFP for a consolidated investment advisor for the 3 retirement trusts that are managed by the county. The Commissioners also approved the ability to have a consultant help with that RFP. With recommendations from the plan attorney, Hightower was presented and Chad Wilson is the consultant that will assist with the RFP, proposal attached. The cost of the consulting services would come from the 3 trusts and be proportionate to the assets in the trusts. Chad Wilson's references were stellar. The SORP board approved the recommendation. A presentation on the process and presentation on the recommendations would take place and approved by the three boards. The RFP would be submitted by the end of the Fall. SORP Trust Assets will be moved to Principal Financial from Wells Fargo due to a buy out. Suggestions on looking at seeing this done and have recommendations back by mid-winter. Effective target date of July, 2020.

Invoice from Whitford Taylor & Preston, Mary Claire Cheshire's law firm. The question was asked for an opinion if it is appropriate to use trust assets to pay for the consultant, and they believed it was appropriate because the intent of the RFP is to reduce the investment advisor fees which will ultimately be for the benefit of the participants. There is a fee for that conversation and recommendation on investment advisors or consultants the board would use for this particular search. The invoice will be charged to the 3 trusts. OPEB invoices are \$336 & \$286. Information will be provided to the Plan Administrator for the next report.

Follow Up: Catherine Pratson asked if the board would be interested in having Bolton update their Actuarial Report. Currently, updates are every other year. They agreed that it may be helpful to understand the funding to 80% level and costs involved in bringing them-up a year early. Catherine will take the lead and report back. They concluded that updated financial statements will be needed and Asset Strategy asked for a copy Catherine with confirm a price with and circulate the information once obtained. Place as a future agenda item on December 6, 2019.

"I move to approve the consultant agreement between the Retiree Benefit Trust and High Tower Fiduciary Plan Advisors, subject to concurrence by SORP Board August 22nd meeting and LOSAP August 30th meeting and authorize the Chair to sign any related documents." Discussion followed.

Motion by Commissioner Michael L Hewitt, second by Mary Ann Murray.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

"I'll make a motion to pay the invoice proportionately between the 3 boards to Mary Claire's firm, Whitford, Taylor, & Preston.

Motion by Mary Ann Murray, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

6. NEW BUSINESS

A. New Business:

No New Business.

7. ADJOURN

A. Motion to Adjourn

I'll make a motion to adjourn the meeting.

Motion by Mary Ann Murray, second by Commissioner Michael L Hewitt.

Final Resolution: Motion Carries

Yea: Mary Ann Murray, Commissioner Michael L Hewitt, Jeannett Cudmore, Rebecca Bridgett, Catherine Pratson

The meeting adjourned at 10:44 am.