

BOARD OF TRUSTEES FOR EMPLOYEES RETIREMENT SAVINGS PLAN

Semi-Annual Meeting

November 6, 2020

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**Members Present:**

**Employees Savings Plan:** David Carpenter, Tim Hayden, Dina Davis, John Mattingly, Sandy Wobbleton and Julian M. Willis.

**Members Absent:**

**Employees Savings Plan:** Brian Davis and Gloria Della.

**Others Present:**

Linda Vassallo, Deputy County Administrator  
Melanie Woodson, Director of Human Resources  
Megan Fleegle, Human Resources Deputy Director  
Lauren Kreamer, Benefits Assistant  
Jamie Angus, Human Resources Assistant  
Meg Aldridge, T. Rowe Price

Tim Hayden called the meeting to order at 1:32 p.m.

The first item on the agenda was the approval of the August 14, 2020 meeting minutes.

**MOTION:** Tim Hayden made a motion for the Calvert County Employees Retirement Savings Plan to approve the August 14, 2020 minutes as amended.

**SECOND:** David Carpenter seconded the motion.

All were in favor. None opposed.

**Presentation/Discussion**

*Meg Aldridge, T. Rowe Price*

Meg Aldridge presented an overview of the plan assets. The plan assets were \$39,049,885 as of September 30, 2020. The average account balance as of September 30, 2020, was \$54,630. As of September 30, 2020, there were 26 funds offered with an average of 1.2 investment options per participant. As of September 30, 2020, there were 43 participants with outstanding loans. As of September 30, 2020, the percentage of active participants with outstanding loans was 6.04%. There was 1 loan paid off and 6 new loans taken out during the period of January 1, 2020 to September 30, 2020. Meg Aldridge indicated that the plan's loan participation rate is exceptionally low. There are currently 712 accounts with a balance and 620 active accounts. There are 76 accounts of terminated participants with an account balance of over \$5,000. There are currently 6 accounts with under \$5000. These accounts will be rolled out of the plan soon.

Meg Aldridge gave a review of the Lipper report. 80% of funds have outperformed their Lipper peers over 3 years, 92% over 5 years, and 92% over 10 years. Meg Aldridge stated that the fund selected by the Trustees to replace AB Discovery Value fund was Touchstone Mid Cap. This fund has a minimum commitment of \$500,000. Meg has consulted with her outside investment group to ask for an exception be made. The investment will be less than \$6,000. Meg Aldridge stated she will have an answer by November 13, 2020.

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Meg Aldridge told the Board that the fee structure was reevaluated last year and there was a change in the amount of money T. Rowe Price is to contribute to ERISA each year. The previous amount was \$10,000 per year with \$2,500 being contributed each quarter. This has been changed to \$17,000 per year with \$4,250 being contributed each quarter. Last year the excess funds were distributed back to participants on a pro rata basis. Meg Aldridge states that as a best practice, the account should be emptied by year end. The current account balance is about \$15,000.

**Motion:** Tim Hayden motioned to return the excess ERISA funds to participants on a pro rata basis.

**Second:** Julian M. Willis seconded the motion.

All were in favor. None opposed.

Meg Aldridge stated that there is currently a balance of \$145,045.73 in the forfeiture fund. Historically this has been used to fund county contributions to member accounts. Meg Aldridge stated that these funds could be returned to active members on a pro rata basis. Tim Hayden stated he did not want to do that, and he would prefer to continue using the funds to fund County contributions to the account. The funds were originally County contributions to accounts and should remain as that.

T. Rowe Price has added to their financial wellness offerings. Morningstar would provide account and investment consultation at a cost of 50 basis points to the participant. Connect Your Care is a Health Savings Account option for plans. Meg Aldridge stated these services are available if trustees would like additional information in the future.

### **Open Discussion**

#### *Declaration of Disability*

David Carpenter informed the Board that there are 9 recipients that are required to submit declarations of disability. Three of the nine participants have submitted responses as of November 6, 2020. David Carpenter recommending sending one additional letter giving them a final date with wording that non compliance would result in discontinuation of benefits.

**Motion:** John Mattingly motioned send an additional, final, certified letter allowing 30 days for participants to submit declarations.

**Second:** Tim Hayden seconded the motion.

All were in favor. None opposed.

#### *Process for Disability*

David Carpenter stated that in the August 14, 2020 meeting the Board directed staff to work with plan attorneys to create an administrative procedure addressing the disability process to be used as a guide by the Board to administer the disability process, and to separate the decisions for retirement contributions and health care

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eligibility from the Dearborn National Long-term disability decision. The administrative procedure was written by Miles & Stockbridge to reflect that of the Employees Retirement Plan. The benefit of this to the employee is to eliminate the 6-month waiting period and will make the determinations more in line with the plan document. Dearborn National would continue to make determinations on long term disability and would make payments. The Trustees for the Employees Retirement Savings Plan will use the administrative procedures to determine the participant's eligibility for healthcare and retirement contributions.

There is currently an individual who Dearborn has determined cannot do their current job, however, they are able to engage in gainful employment, therefore their disability payments have ended. This poses the question as to what is to be done about his health insurance and retirement contributions. The declaration of disability indicates he is still disabled, however is looking for work.

David Carpenter stated his recommendation to adopt the administrative procedures as provided by Miles & Stockbridge.

**Motion:** John Mattingly motioned to provide the Plan Administrator r the discretion to determine that the Applicant has a Total and Permanent Disability based solely on the Applicant's eligibility for SSDI benefits. staff to engage council to draft a policy statement.

**Second:** Tim Hayden seconded the motion.

Trustees discussed adopting the entire administrative procedure and not just the motioned statement. Dina Davis asked to see the red line administrative procedures before making a decision. The trustees agreed.

John Mattingly rescinded his motion.

Tim Hayden requested having a special meeting soon to review and make a decision on the administrative procedures, and another special meeting in January to discuss Declarations of Disability.

**Motion:** John Mattingly motioned to table the discussion for further discussion.

**Second:** Tim Hayden Seconded the motion.

All were in favor. None opposed.

**Motion:** John Mattingly made a motion for the Calvert County Employees Retirement Savings Plan to adjourn at 3:16 p.m.

**Second:** Tim Hayden seconded the motion.

All were in favor. None opposed.