

Calvert County Employees Retirement Plan
Calvert County Sheriff's Office Pension Plan
Other Post-Employment Benefits Trust (OPEB)
Board of Trustees Quarterly Meeting
August 12, 2021
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Meeting Location:

Microsoft Teams Online Meeting

Members Present:

Employees Retirement Plan (ERP): Francis Borelli, David Carpenter, Bill Clark, Elizabeth Richmond, Sharon Strand, Jacqueline Vaughan, Julian M. Willis.

Sheriff's Office Pension Plan: Francis Borelli, David Carpenter, David Payne, Joshua Underwood, Sharon Strand, Julian M. Willis.

Other Post-Employment Benefits Trust (OPEB): David Carpenter, Edith Hutchins, Monica Jones, Kevin Michael, Sharon Strand, Julian M. Willis.

Members Absent:

Employees Retirement Plan: Rebecca Flanagan.

Other Post-Employment Benefits Trust (OPEB): Rebecca Flanagan.

Sheriff's Office Pension Plan: Michael Moore.

Others Present:

Don Ross, Wainwright Investment Counsel, LLC
Linda Vassallo, Deputy County Administrator
Melanie Woodson, Human Resources Director
Megan Fleegle, Human Resources Deputy Director
Lauren Kreamer, Benefits Assistant
Jamie Angus, Human Resources Assistant
Ann Sturner, Bolton Partners
Taylor Robinson, Lexington Partners
Richard Cox, Sheriff's Office

Sharon Strand called the Calvert County Employees Retirement Plan, the Calvert County Sheriff's Office Pension Plan and OPEB Trustees meeting to order at 9:33 a.m.

After review of the May 7, 2021 minutes motions were made to approve:

MOTION: David Carpenter motioned to approve the May 7, 2021 minutes for the Calvert County Employees Retirement Plan.

SECONDED: Sharon Strand seconded the motion for the Calvert County Employees Retirement Plan.

All were in favor. None opposed.

MOTION: Joshua Underwood motioned to approve the May 7, 2021 minutes for the Sheriff's Office Pension Plan.

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SECONDED: David Carpenter seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

MOTION: David Carpenter motioned to approve the May 7, 2021 minutes as amended for OPEB as amended.

SECONDED: Sharon Strand seconded the motion for OPEB.

Kevin Michael opposed. He did not receive the material.

Presentations/Discussions

Don Ross, Wainwright Investments Counsel

As of June 30, 2021, the Employees Retirement Plan had a balance of \$105,770,634, this is an increase of around \$3.5 million in the 2nd quarter. The cash balance was \$3 million. The Sheriff's Office Pension Plan had a balance of \$132,259,931, this is an increase of around \$7 million in the 2nd quarter. The cash balance was \$5.5 million. The Employees Retirement Plan and the Sheriff's Office Pension plan have experienced an increase of approximately 4% for the 2nd Quarter and 11% year to date. Each plan has an additional \$1 million commitment to TA Realty which will be funded in October.

Don Ross recommended the Employees Retirement Plan and the Sheriff's Office Pension Plan carve out Real Estate with a 3% target allocation. The 3% coming from Fixed Income making the Fixed Income target 22%.

Don Ross recommended rebalancing the Employees Retirement plan by taking \$250,000 from HSCB Opportunity, \$250,000 from Kayne Anderson and \$750,000 from cash and add \$250,000 to Polaris Capital and \$1 million to TA Realty. Realty (which had been approved at the May 2021 meeting), as well invest \$1,000,000 in the Vanguard Short Term Investment Grade Bond Fund, a fund that has been used in the past, but currently has no balance. Don Ross recommended rebalancing the Sheriff's Office Pension Plan by taking \$1 million from HSCB Opportunity Fund and \$2.15 million from cash and adding \$400,000 to iShares Russell Mid Cap Value, \$750,000 to Polaris, \$250,000 to Barings Focused EAFE Plus Fund, \$750,000 to Vanguard Short Term Investment and \$1 million to TA Realty. The \$1 million commitments had already been made to TA realty at the May 2021 meeting.

Motion: Sharon Strand motioned to approve the rebalancing plan for the Employees Retirement Plan as recommended by Don Ross.

Seconded: David Carpenter seconded the motion for the Employees Retirement Plan.

Motion: Sharon Strand motioned to approve the rebalancing plan for the Sheriff's Office Pension Plan as recommended by Don Ross.

Seconded: David Carpenter seconded the motion for the Sheriff's Office Pension Plan.

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Taylor Robinson, Lexington Partners

Taylor Robinson provided a review of Lexington Partners current performance and strategies and presented their new fund, Lexington X. Lexington X is a \$15 billion fund with an initial closing at the end of September 2021 and rolling closings through 2022.

Don Ross stated that the Sheriff's and Employee's plans have capacity for additional private equity. Each have committed \$1 million to Harbor Vest Global Fund 2021. While this was approved by both plans at the May 2021 meeting, the paperwork is still outstanding. Don Ross recommended waiting to see how Lexington X develops and how commitments come in. The later part of the marketing period is desirable to see how the fund is doing and what funds they are invested in. Don Ross recommended looking into committing \$1 million for the Employees Retirement Plan and the Sheriff's Office Pension Plan at the next meeting.

Open Discussion

Voluntary Retirement Incentive Update

A voluntary retirement incentive was proposed to all individuals of the Employees Retirement Plan. The incentive would provide retirement eligible employees an incentive of \$1,000 per year of service to retire or enter the DROP by December 19, 2021. An amendment is required to do this. The amendment has been drafted and is in the process for approval and adoption by the Board of County Commissioners. The amendment will be in effect by October 1, 2021.

Motion: Sharon Strand motioned to adjourn the Employees Retirement Plan.

Seconded: Bill Clark seconded the motion for Employees Retirement Plan.

All were in favor. None opposed.

Motion: David Payne motioned to adjourn the Sheriff's Office Pension Plan.

Seconded: Joshua Underwood seconded the motion for the Sheriff's Office Pension Plan.

All were in favor. None opposed.

Presentations/Discussions Continued

Don Ross, Wainwright Investments

As of June 30, 2021 OPEB, had a balance of \$167,528,910, this is an increase of around \$9 million in the 2nd quarter. The cash balance was \$7.1 million.

Don Ross recommended rebalancing to OPEB by taking the full balance (\$39,054,363 on June 30, 2021) from iShares S&P 500 and placing approximately \$21,445,000 into iShares Russell 1000 Value and approximately \$17,300,000 into iShares Russell 1000 Growth, so that the iShares Russell 1000 Growth Fund would represent 16% of the total OPEB balances and the iShares Russell 1000 Value Fund would represent 15% of the OPEB total balances. Additionally, \$3,300,000 would be added to the Vanguard Short Term Investment Grade Bond Fund. A \$2 million commitment had already been made to TA Realty.

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Edith Hutchins stated that the Board of Education will be adding approximately \$4 million to OPEB at the end of September, and Sharon Strand stated that Calvert County Government will be adding approximately \$8 million in January. Don Ross recommended the November meeting.

Don Ross discussed options for changing asset allocation targets. Don Ross presented the current target, current actual allocation and three alternatives for targets. Don Ross recommended alternative A, which changes targets for total domestic equities from 56% to 58%, international equities from 19% to 14%, private equity from 5% to 7%, and real estate from 0% to 3%, and total fixed income from 20% to 18%.

Motion: Sharon Strand motioned for OPEB to change asset allocations to alternative A are recommended by Don Ross.

Seconded: Kevin Michael seconded the motion for OPEB.

All were in favor. None opposed.

Motion: Sharon Strand motioned for OPEB to make investments are recommended by Don Ross with changes to accommodate the change in alternative A.

Seconded: Edith Hutchins seconded the motion for OPEB.

All were in favor. None opposed.

Motion: Sharon Strand motioned to adjourn OPEB.

Seconded: Kevin Michael seconded the motion for OPEB.

All were in favor. None opposed.