

BOARD OF TRUSTEES FOR EMPLOYEES RETIREMENT SAVINGS PLAN

Semi-Annual Meeting

August 14, 2020

Page 1 of 3

MEMBERS PRESENT:

Employees Savings Plan: David Carpenter, Brian Davis, Gloria Della, Tim Hayden, John Mattingly, and Sandy Wobbleton.

MEMBERS ABSENT:

Employees Savings Plan: Julian M. Willis.

OTHERS PRESENT:

Melanie Woodson, Director of Human Resources

Lauren Barrett, Benefits Assistant

Jamie Angus, Human Resources Assistant

Meg Aldridge, T. Rowe Price

Tim Hayden called the meeting to order at 1:30 p.m.

The first item on the agenda was the approval of the November 30, 2018 meeting minutes.

MOTION: Tim Hayden made a motion for the Calvert County Employees Retirement Savings Plan to approve the November 15, 2019 minutes.

SECOND: David Carpenter seconded the motion.

All were in favor. None opposed.

PRESENTATION/DISCUSSION

Meg Aldridge, T. Rowe Price

Meg Aldridge continued with an overview of the plan assets. The plan assets were \$36,369,640 as of June 30, 2020. The average account balance as of June 30, 2020, was \$52,711.00. As of June 30, 2020, there were 26 funds offered with an average of 1.2 investment options per participant. As of June 30, 2020, there were 73 participants with outstanding loans. As of June 30, 2020, the percentage of active participants with outstanding loans was 6.24%. There was 1 loan paid off and 4 new loans taken out during the last period. Meg Aldridge indicated that the plan's loan participation rate is exceptionally low. There are currently 689 accounts with a balance and 600 active accounts. There are 71 accounts of terminated participants with an account balance of over \$5,000. As of June 30, 2020, 94% of investments were in Target Date Funds. Meg Aldridge stated that a new Target Date fund for 2065 will automatically be added in the fall. This will add a fund to the plan and will be for anyone born in 1998 or later. Those who were placed in the 2060 fund but belong in 2065 will automatically be moved.

Meg Aldridge gave a review of the Lipper report. 84% have outperformed Lipper peers over 3 years, 92% over 5 years, and 88% over 10 years. Meg Aldridge has concerns about AB Discovery Value. There has been consistent underperformance. This fund was put on watch in a previous meeting. Meg Aldridge stated that even though there are not many people invested in this fund with a total of less than \$6,000, replacement should be considered. Meg Aldridge asked if there was interest in being sent a list of possible replacements. Tim Hayden responded that yes, he would like a list of eligible replacements for AB Discovery Value Fund.

BOARD OF TRUSTEES FOR EMPLOYEES RETIREMENT SAVINGS PLAN

Semi-Annual Meeting

August 14, 2020

Page 2 of 3

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.

OPEN DISCUSSION

Declaration of Disability

David Carpenter informed the Board that due to the COVID-19 pandemic disability recipients have been unable to complete the Physicians Declaration of Disability. As of August 14, 2020, only 2 declarations of disability have been received by the Department of Human Resources. David Carpenter stated he would like to send participants who have not submitted their declarations a letter extending the due date. Tim Hayden stated that the Boards of Trustees for the Employees Retirement Plan, Sheriff's Office Pension Plan and Other Post-Employment Benefits Trust decided to extend the deadline to October 30, 2020.

MOTION: John Mattingly motioned to make October 30, 202 the deadline to receive Declarations of Disability.

SECOND: Tim Hayden seconded the motion.

All were in favor. None opposed.

Process for Disability

David Carpenter informed the Board of the current process for disability, stating that it may need to be revised. Currently, when a plan member applies for disability, the application is sent to Dearborn National, our Long-Term Disability provider, and the decision is made based on their criteria. The plan member must not be able to do their current job, and after 24 months, the application is reevaluated, and in order to continue receiving benefits, they must be unable to work any job or be gainfully employed. When Dearborn initially approved the participant, they are considered to also be disabled by the County and are eligible for health care with a 75% subsidy and the County will continue to contribute to the retirement plan. This is not reevaluated if Dearborn National discontinues the Long-Term Disability. These are three separate issues: Long-Term Disability, Health Insurance, and Retirement contributions. David Carpenter stated that each of these three should be determined individually and not all as one as the criteria are not the same for all three.

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.

David Carpenter asked for permission of the board to change the wording for how the Employees Retirement Savings Plan determines disability. Plan Attorneys suggested that a carefully worded policy statement be drafted with verbiage mirroring the Employees Retirement Plan wording for the process of determining disability. A policy statement would not require an amendment but would guide how the plan is administered. The Employees Retirement Plan defines disability as being totally and permanently disabled and being approved for Social Security Disability.

BOARD OF TRUSTEES FOR EMPLOYEES RETIREMENT SAVINGS PLAN
Semi-Annual Meeting
August 14, 2020
Page 3 of 3

MOTION: John Mattingly motioned to direct staff to engage council to draft a policy statement.

SECOND: Dina Davis 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 2:34 p.m.

SECOND: Tim Hayden seconded the motion.

All were in favor. None opposed.