

Calvert County Employees Retirement Plan
Calvert County Sheriff's Office Pension Plan
Other Post-Employment Benefits Trust (OPEB)
Board of Trustees Quarterly Meeting
February 10, 2022
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Meeting Location:

Microsoft Teams Online Meeting

Members Present:

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

Sheriff's Office Pension Plan: Francis Borelli, Michael Moore, Joshua Underwood, Sharon Strand, Julian M. Willis.

Other Post-Employment Benefits Trust (OPEB): Edith Hutchins, Kevin Michael, Sharon Strand.

Members Absent:

Employees Retirement Plan: None.

Other Post-Employment Benefits Trust (OPEB): Monica Jones.

Sheriff's Office Pension Plan: None.

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
Nicole Harrod, Human Resources Assistant
Taylor Robinson, Lexington Partners

Sharon Strand called the Calvert County Employees Retirement Plan, the Calvert County Sheriff's Office Pension Plan and OPEB Trustees meeting to order at 9:34 a.m.

After review of the November 14, 2021 minutes motions were made to approve:

MOTION: Sharon Strand motioned to approve the November 14, 2021 minutes for the Calvert County Employees Retirement Plan.

SECONDED: Elizabeth Richmond seconded the motion for the Calvert County Employees Retirement Plan.

All were in favor. None opposed.

MOTION: Sharon Strand motioned to approve the November 14, 2021 minutes for the Sheriff's Office Pension Plan.

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

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Vote conducted by email. All were in favor. None opposed.

MOTION: Sharon Strand motioned to approve the November 14, 2021 minutes for OPEB as amended.

SECONDED: Kevin Michael seconded the motion for OPEB.

Vote conducted by email. All were in favor. None opposed.

Presentations/Discussions

Don Ross, Wainwright Investments Counsel

As of December 31, 2021, the Employees Retirement Plan had a balance of \$108,731,055, this is an increase of around \$2 million in the 4th quarter. The cash balance was \$1.1 million. The Sheriff's Office Pension Plan had a balance of \$137,590,388, this is an increase of about \$5 million in the 4th quarter. The cash balance was \$2.1 million. OPEB had a balance of \$184,547,600, this is an increase of around \$12 million in the 4th quarter. The cash balance was \$10 million.

Don Ross discussed reallocation of funds for OPEB. Don Recommended adding \$2 million to private equity, \$2 million to real estate, \$750,000 to Russell 1000 Value fund and \$1.5 million to mid-cap value fund. This is a total of \$6.25 million. Kevin Michael stated he was uncomfortable with having over \$10 million in cash. Sharon Strand noted that there will be an addition of another \$3.7 million to OPEB soon. Don Ross noted that the private equity contribution would happen over time and the real estate commitment will be called in the summer.

Don Ross recommended the Employees Retirement Plan rebalance by moving \$1 million to Real Estate and \$1 million to private equity. Don Ross Recommended the Sheriff's Office Pension Plan allocate an additional \$2 million to real estate and \$1.5 million to private equities. Don Ross noted that the Sheriff's Office Pension Plan reduced their high yield target, and it is still slightly over target. This could be used for a portion of these commitments.

Don Ross recommended further discussion and a vote on recommendations after the presentation from Lexington Partners.

Taylor Robinson, Lexington Partners

Taylor Robinson provided an overview of Lexington Partners and their funds. Lexington Partners has deployed several funds. All funds have been deployed with consistency and have experienced consistent returns. Lexington Partners is coming to market with fund X. The plans are invested in funds VII, VIII and IX. Lexington Partners is a global leader. Their secondary funds have invested \$36 Billion and distributed \$40 billion. There is a \$23 billion reported value. The funds have a 21.3% gross IRR and a 17.2% net IRR. Performance over the last year has exceeded projected performance.

The strategy for fund X is the same as funds VII – IX. There have been some closings, with the next closing March 31, 2022. The fund is projected to be \$10 billion at this time. They are projected to be around target by mid-year and will have closings through 2022. Kevin Michael asked if there have been any philosophy changes

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with the ownership change. Taylor Robinson responded no, that all remained the same with no changes for at least 5 years with no outlook for change beyond the 5-year mark.

Don Ross, Wainwright Investments Counsel continued

Don Ross reviewed Taylor Robinsons presentation and his recommendations for all the plans. Francis Borelli asked if there are steps taken to reduce risk exposure in technology, energy or crypto investments. Don Ross stated that there are no investments in crypto and there is not a lot of exposure in energy or in technology in the fund. Sharon Strand stated the recommendations from Don Ross make sense for the current market and the market we are moving into.

The recommendations for OPEB are \$2 million to TA Realty in real estate, \$2 million to Lexington Partners X, \$750,000 to Russell 1000 Value, and \$1.5 million to Russell 1000 mid cap value.

Motion: Kevin Michael motioned to approve the changes to the allocations and the rebalancing plan for OPEB Plan as recommended by Don Ross.

Seconded: Edith seconded the motion for OPEB

All in Favor. None opposed.

The recommendation for the Employees Retirement Plan is to allocate \$1 million tp TA realty in real estate, \$ 1 million to Lexington Partners fund X, reduce the Loomis high yield income fund by \$352,000 and move \$5 million from Loomis core value fund to the Vanguard short term fund.

Motion: Francis Borelli motioned to approve the changes to the allocations and the rebalancing plan for the Employees Retirement Plan as recommended by Don Ross.

Seconded: Jacqueline Vaughan seconded the motion for the Employees Retirement Plan.

All in Favor. None opposed.

The recommendation for the Sheriff's Office Pension Plan is to allocate \$2 million to TA realty in real estate, \$1.5 million to Lexington Partners X, reduce the Loomis high yield income fund by \$650,000 and move \$6 million from Loomis core value fund to the Vanguard short term fund.

Motion: Michael Moore motioned to approve the changes to the allocations and the rebalancing plan for the Sheriff's Office Pension Plan as recommended by Don Ross.

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

All in Favor. None opposed.

Motion: Sharon Strand motioned to adjourn OPEB.

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Seconded: Edith Hutchins seconded the motion for OPEB.

All were in favor. None opposed.

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

Seconded: Jacqueline Vaughan seconded the motion for the Employees Retirement Plan.

All were in favor. None opposed.

Open Discussion

Proposed Plan Amendment

A proposed plan amendment was submitted for consideration. It was received after the agenda was finalized. The information will be sent to our actuaries to determine fiscal impact, and a special meeting will be held to discuss.

Motion: Sharon Strand 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.