

BOARD OF TRUSTEES FOR EMPLOYEES RETIREMENT SAVINGS PLAN

Semi-Annual Meeting

May 5, 2022

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**MEMBERS PRESENT:**

**Employees Savings Plan:** Sandy Wobbleton, Dina Davis, John Mattingly, Julian Willis, Sharon Strand, Melanie Woodson

**MEMBERS ABSENT:**

**Employees Savings Plan:** Brian Davis, Gloria Della

**OTHERS PRESENT:**

Lauren Kreamer, Benefits Specialist II  
Sherrie Myers, Benefits Specialist II  
Nicole Harrod, Benefits Assistant  
Linda Vassallo, Deputy County Administrator  
Meg Aldridge, T. Rowe Price

Sharon Strand called the meeting to order at 1:39 p.m. May 5, 2022.

The first item on the agenda was the approval of the November 4, 2021 meeting minutes.

**MOTION:** John Mattingly made a motion for the Calvert County Employees Retirement Savings Plan to approve the November 04, 2021 minutes.

**SECOND:** Dina Davis seconded the motion.

All were in favor. None opposed.

**PRESENTATION/DISCUSSION**

*Meg Aldridge, T. Rowe Price*

Meg Aldridge introduced herself as being in charge of the finance committee and plan sponsor. Eileen DiMarzio used to be the day to day contact person for the plan. Connor Jordan has replaced Eileen since she retired. Meg continued with an overview of the plan health report. The plan assets were \$46,152,629 as of March 31, 2022. The average account balance as of March 31, 2022, was \$60,192.00. As of March 31, 2022, there were 27 investments offered funds offered with an average of 1.2 investment options per participant. As of March 31, 2022, there were 664 active and eligible participants, 763 participants with a balance. As of March 31, 2022, the percentage of active participants with outstanding loans was 5.50% with 42 active participants with outstanding loans totaling \$289,795.00. There are 87 accounts of terminated participants with an account balance of over \$5,000. The plan has auto force out, this means when an employee is terminated in T. Rowe Price by HR with a balance of less than \$5,000. The IRA provider will mail the participant a letter with the option to move money on their own or it will automatically roll to an IRA in 30 days. The total assets of the 87 terminated participants is \$5,719,579. From an operations perspective terminated participants that don't initiate the move of funds the forfeited money would stay in the account. A letter drafted by the Calvert County Government can be sent to terminated participants stating any forfeiture of money will be moved to a forfeiture account. Any forfeiture money can be used toward the 5% match or other plan related expenses.

Meg discussed the total contribution of \$726,706 coming in between 1/1/2022-3/31/2022. As of March 31, 2022 total distributions \$450,030, Net cash flow is \$276,676. As mention before 42 participants have loans 71 outstanding and 2 new loans taken in the first quarter. Retirement fund 91% of investments were in Target Date

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Funds. Non-Retirement Fund 1% invested in 1 no target date. Everyone else is vested in 2-5 plus range investment, 8% create their own investments. Meg Aldridge stated that t. Rowe keeps a lot of data on investment managing and record keeping of participants behavior.

Meg Aldridge gave a review of the Lipper report, 84% have outperformed Lipper peers over 5 years, 92% over 10 years. Meg Aldridge has concerns about 4 funds that are under performing. Invesco International Bond Funds is rated as a negative down 10%, Index down 5% in the year by Morning Star. Longer fixed income rates and overweight to high yield bonds played a roll. May want advisor to look up at the Lipper report and discuss what options are out there. T. Rowe Price growth stock fund was doing well for 2020 year. This fund performance 1<sup>st</sup> quarter large tech was hit hard and caused underweight. Ask Don Ross to look at this fund to see what his recommendation is over the ten-year span. Should the fund hold, swap to another large cap fund, or keep on watch. Target date funds had dropped from 1 to 3 in 1<sup>st</sup> quartile. Touchstone Mid Cap Fund top quartile of 5 and 10 year, had a bad start last year. They have overweighted to tech this contributes to overweight. American Century Equity Income Fund was on the watch list last meeting in November. Due to their style of investing search for income generated stocks has hurt over long term, own a sleeve of convertible bonds hurt their performance. Off to a good start this year in the 30<sup>th</sup> percentile ranking by Morning Star for large cap. Meg Aldridge told the board that she will send the Lipper Report with highlights and a list of all funds available within the platform, FI 360 to share with Don Ross for his recommendations. If the committee then agrees not to make any changes to portfolios and continue to watch the four underperforming. T. Rowe midcap has been underperforming since 2019 and on watch list, 1<sup>st</sup> quarter last year it started to turn around to 2's instead of 3's and 4's we will continue to watch. Meg Aldridge discussed the Service Provider Disclosure Summary the ERISA budget can be used for plan related expenses or redistributed back to participants. Meg gave a review of cost to the plan for recordkeeping services. Estimated annual administrative fees from investments is \$87,548, Estimated administrative budget is \$17,000, estimated annual recordkeeping cost to the plan is \$70,548. Meg sent last year information to further reduce recordkeeping cost. It would go from fixed budget to a require revenue arrangement. T. Rowe Price would need Calvert County on a per person basis or a basis point basis an amount for record keeping services. The recordkeeping cost would be the constant, the money coming in minus the record keeping cost then Calvert County would keep the difference. With this reduction it would go from \$92.46 per person to \$78 per person, or basis point would increase the ERISA budget by about \$30,000. Meg Aldridge asked who should she send the service form agreement to for signature? Lauren replied to send them to her, and she will send for signatures and approval. Melanie Woodson asked Meg if fees for recordkeeping would change when Calvert goes to workday. Meg replied, the service form needs to be signed and back to her to implement payroll integration. T. Rowe Price will not have any extra fees not sure if Workday will on their end. Meg will confirm that the price for recordkeeping would stay the same after workday goes live. Meg Aldridge continued with the business update, T. Rowe Price at a glance. T. Rowe Price is a stable and reliable firm. S&P company with no debt on balance sheet, \$1.69 trillion in assets, over 7,500 associates worldwide, retirement-related assets represent over 60% of total firm AUM. T. Rowe has received the Gold Analyst rating by Morningstar, their highest rating offered. T. Rowe Price offered superior service with 97% overall client satisfaction, 97% retention rate and earned a top Net Promoter Score of 88, beating the benchmark 59, and exceeding the benchmark for the eleventh consecutive year. Meg Aldridge discussed the updates to security that have been put in place. T. Rowe price has expanded login requirements including additional username/password criteria, expanded notifications, enhanced multifactor authentication, call center authentication restrictions. T Rowe retirement account can now be accessed on mobile devices the same as on computer. Login page is different has easy access button. Quarterly educational webinars are now offered for participants and recordings are available to review. Meg Aldridge asked if there was any interest in doing a participant educational webinar virtually? Lauren replied that the fall would be a better time to have a meeting

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the same time with Nationwide. Melanie agreed that fall would be a better time to have a quality meeting, we do not have time right now. Meg Aldridge stated that she would need four weeks' notice to put the meeting together. Meg will touch base to see where we stand on date in late summer.

**OPEN DISCUSSION**

*Declaration of Disability*

Lauren Kreamer informed the Board that the first member applied for disability since the declaration was amended change and approved last year. The member has qualified under the plan and is eligible to receive social security disability effective May 1, 2022. Sherrie Myers informed the Board that she is still working with the member on pending items but overall the member is very happy. Sharon Strand said to follow up we will wait for information to come in from Meg to forward to Don Ross to get his opinion. Sherrie Myers informed the Board that a member applied for disability under the amended plan and did not qualify due to age. Sherrie will inform the board of the outcome on pending disability applications.

**MOTION:** Sharon Strand made a motion for the Calvert County Employees Retirement Savings Plan to adjourn.

**SECOND:** John Mattingly seconded the motion.

All were in favor. None opposed.

**Sharon Strand adjourned meeting at 2:35 pm**