CECIL COUNTY PUBLIC SAFETY PENSION PLAN

BOARD OF TRUSTEES
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May 13, 2021

Present: Mary Allen, Rebecca Anderson, Angela Blodgett, Stephen Brownhill, Ashley Ewing, Daniel Schneckenburger, Angie Lawson and Wayne Tome.

Guests: Sandy Biggs, Christian Sevier, Segal Marco Advisor and Lazaro Guzman, Prudential (via Zoom), Tom Vicente Actuary Bolton, Scott Adams, Gerald Widdoes, Shawn Mahan, Michael Holmes

Presentations: Prudential, and Segal Marco Advisors and Bolton Actuary

Meeting called to order at 0830 by Angela Blodgett.

Investment Performance Presentations:

- Prudential: Lazaro Guzman presented the Q1CY21 overview of the economy and markets. Plan assets – the portfolio value as of March 31,2021 is $73 million Due to the accelerating growth, the real GDP expanded at an estimated 6% annual rate in the quarter, 50% faster than the growth rate in the fourth quarter of last year. The absolute level of real GDP has returned to the 2019 peak in only five quarters, the fastest recovery from any recession since 1950.
  Lazaro gave review of the financial market from March 31,2020 – March 31,2021 there was a tremendous rise in the markets. Index is up close to 95%. A very quick and dramatic recovery. Domestic Equity Style returns: The 11% total return on value stocks significantly out distanced the 1% return in the Growth stocks, it is the largest quarterly margin in 20 years. Over the past 6 months, Value Stocks (+31%) outperformed Growth Stocks (+14%) by an exceptionally wide margin. For the second consecutive quarter small cap value was the best performing. **No questions were asked from the board.**
- Segal Marco Advisors: Christian Sevier. Recapped Lazaro's review and noted our quarterly $73 million in assets is due to an uptick in the volume. Long term investments have been pretty good on returns….3.29% in three months. This quarter ended with the portfolio weight in line with the target. Returns are pretty good, meets performance criteria. Advisors are not recommending any changes. 80% of the portfolio is in funds that are performing very well. Large Cap Value; confident in JP Morgan. **No questions were asked from the board.**
- Bolton Actuary: Tom Vicente reviewed the pension plan. Overall results from July 2020 for FY2022 funded rations (market value) declined (93% to 87%). Key drivers of results investment return underperformed assumption. Funded Status: this plan is young plan was started in 2004. The funded percentage is 90% and has remained steady there for the last 3 years. Retirees are relatively a young group. Long term assumption 7.0%, since 2013 downward trends in the marketplace. The projected funded ration: the contribution is stable. The plan is slowly maturing, inactive liability is just over 50% of the total liabilities. Assets and liability are both over 4 times. **No questions were asked from the board.**

Administrative Tasks/Old Business:

- Introduction of Trustees member: Angie Lawson, Human Resources Director.
- Angie Lawson did advise that county employees are coming to retirement seminars that are being held at various locations.
- Sandy Biggs reminded everyone of the County Recognition Luncheon, she advised to encourage those that are invited to attend.
- Financial items – Rebecca Anderson, reported the plan is doing will and finance currently is cautiously optimistic. "We are in a good spot" according to Rebecca.

New Business:

- Stephen Brownhill brought up several questions concerning the public safety retirement plan and areas of concern where there is a need for clarification. The perception the top 36 months of employment stops after a participant no longer contributes to the plan after reaching 25 years of employment. It is understood that employees that do stop contributing after 25 years will keep their ability for pay increases. 2% a year at full retirement of 25 years with a total of 50% of their estimated final salary of their top 36 months of earnings. Promotions in salary, steps, etc. would continue for those no longer contributing. There needs to be clarification due to confusion of the language in the current plan. Is the plan calculating on their current salary? The intended change in the amendment still has some participants confused. Sandy Biggs stated she would contact Prudential to get further clarification on this issue. It was discussed that as a board we need to put an end to the miscommunication. Stephen Brownhill commented and asked for clarification on "how are early retirement calculations done"? Based on age 55, not when the participant would hit 25 years of service. This was addressed in 2017 where there is a recommendation to have the language updated in the plan. Stephen Brownhill also stressed sick leave balances. It was explained by Sandy Biggs that sick leave does not get the participant to 25 years. Sick leave increases your credible service. If the participant has enough sick leave this may be used to increase the pay. This is typically seen on the second retirement check due to being calculated once separated from the agency.

- Daniel Schneckenburger commented that it is concerning that we are addressing issues form 2017 and its now 2021. He was asked about the article in the Cecil Times reporting that the county is reducing pension allocations. He explained it is being funded with 100% certainty and that there is no reduction.
- Angie Lawson has asked Angela Blodgett to set up an appointment for Prudential and the board to go over the pension plan.
- Sandy Biggs has asked for the board members to review the Public Safety Pension Plan document and to note anything that my need clarification or updating.
- At the conclusion of the meeting, we hope to discuss the items that need clarified and we want Prudential to give their interpretation of any issues found that need to be discussed.

Adjournment:

- Stephen Brownhill motioned at 1015 to adjourn the meeting, seconded by Angie Lawson, and approved by the Trustees.

Next Meeting – August 12,2021, 0830, Department of Emergency Services

Respectfully submitted,
Mary Allen