CECIL COUNTY PUBLIC SAFETY PENSION PLAN

BOARD OF TRUSTEES
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BOARD OF TRUSTEES

August 12,2021

Present: Angie Blodgett, James Appel (via Zoom), Daniel Schneckenburger, Stephen Brownhill, Ashley Ewing, Wayne Tome and Mary Allen.

Guests: Sandy Biggs; Christian Sevier, Segal Marco Advisor and Lazaro Guzman, Prudential (via Zoom).

Presentations: Prudential, and Segal Marco Advisors.

Meeting called to order at 0830 by Angie Blodgett.

Investment Performance Presentations:

- Prudential: Lazaro Guzman presented a Q2CY21 overview of the economy and markets. The economic review presented by Lazaro shows that the U. S. economy is in the middle of a boom, with GDP expected to close the quarter at an annual rate close to 10%, its fastest growth rate since the early 1980's. Lazaro advised the economy is firing on all cylinders, led by consumer spending and residential construction. There is an enormous pent-up demand being unleashed with the reopening of the economy while credit conditions are favorable, and the supply of unsold homes are at record lows. Business investment and manufacturing are also strong, with each growing at the fastest pace in many years. Lazaro gave a review of the financial market returns and the world financial market continues to push higher during the second quarter, with all major asset classes posting positive returns. Financial markets benefitted from strong economic growth, low interest rates, accommodative, central bank polices, booming company profits and substantial progress on the public health front. On Domestic Equity Returns Lazaro reports the second quarter saw a stylistic rotation back to Growth stocks, as the dominant trend that favored Value stocks since late 2020 faded. April and June were strong months for Growth stocks, as the Technology sector rebounded, with four of the five members of the "FAANG" group among the list of top contributors to the Large Growth segment. It was stated by Lazaro on the U.S. Treasury Yield Curve, in the face of rising inflation and a bumpy economic recovery, the Federal Reserve left rates unchanged at its most recent meeting in June, but signaled they expect to raise interest rates by late 2023. Although the Federal Reserve has consistently reaffirmed their belief that current inflation is transitory, they recognized the building inflation pressures by bringing forward rate increase expectations. Concerning the Economic and Market Outlook, Lazaro informed the trustees that the aggregate spending and output are expected to surge over the next four quarters, with U. S. GDP expanding at the fastest pace in nearly 40 years. Real GDP growth of 7% is expected in 2021 and 5% in 2022 while industrial production could expand by 5.5% this year and 3.5% in 2022. Rapid economic growth, tight control over operating costs, solid productivity growth, and a return of pricing power mean that corporate profitability could climb by a cumulative 60% over the next four quarters ending in March of next year. **No questions were asked from the trustees.**
- Segal Marco Advisors: Christian Sevier. Recapped Lazaro review and noted that the World equity markets rose in Q2. Worldwide economic reopening helped power stocks higher. Christian advised that he U.S. equity was solidly positive. The U. S. economy picked up speed in Q2, as vaccinations continued to rise, and businesses reopened. He continued to add that international equities also rose, but more moderately than the U.S. as some European countries were slower to reopen. Christian added that emerging market equity increased as hopes for global growth grew. A weaker USD also helped. He informed us that the U.S. fixed income rose. Longer term yields were lower as economic activity in the U.S. rebounded. Christian reported that the non-U.S. fixed income increased out again. A weaker USD helped unhedged non-U.S. debt. He stated hedge funds increased. Equity hedge strategies performed best in the quarter. Christian's review showed commodities posted a strong gain amid high global demand. **No questions were asked from the trustees.**

Administrative Tasks/Old Business:

- Angie Blodgett: Advised that the board agreed to approve minutes by email.
- Angie Blodgett: Approved May 13,2021 Meeting Minutes.
- James Appel: On financial items - He added that the fund is in good shape 57.5 million to 76.7 million and it continues to grow. He has concerns on the fast rate of the growth. James reported that he would like us to see if we can be a little more aggressive with our investments. He stated, "we need to be prepared for the slow down". Sandy Biggs cautioned that the plan is restricted by the IRS and how we can invest.
- Human Resources Items: No representation present.
- Plan Document Discussion: James Appel suggested after reviewing the document that there appeared to be some confusion with CPI in the IAFF contract, so the reference in section 6.4 needs further clarification. Sandy Biggs added that employees that left in less then 5 years, this would be individuals that are not vested, and the plan continues to pay the interest on the individual accounts. Daniel Schneckenburger asked, "How many plan participants does this effect"? According to Sandy Biggs it is about 77 individuals. Sandy stated letters will be re-issued at around September 15,2021. She would like to put in the letter that interest will no longer be incurred on the account.

New Business:

- There was a motion by Stephen Brownhill to send this to the attorney for review. Seconded by Daniel Schneckenburger.
- Angie Blodgett asked if everyone agrees that we will vote on the documentation return via email. The trustees agreed.
- Ashley Ewing: Advised that she would like to explore increasing the percentage rate of retirement for those individuals that have worked after 25 years. The board agreed and a subcommittee was established to explore this topic. The subcommittee members will be Ashley Ewing, Stephen Brownhill and Wayne Tome.
- Angie Blodgett: Added that this committee should get started as soon as possible.

Adjournment:

- Stephen Brownhill motioned at 0925 to adjourn the meeting, seconded by Wayne Tome, and approved by the Trustees.

Next Meeting – November 4, 2021, 0830, Department of Emergency Services

Respectfully submitted,
Mary Allen