

**MINUTES OF THE
MEETING OF THE PENSION OVERSIGHT COMMISSION
December 9, 2019**

A meeting of the Pension Oversight Commission (POC) for the Howard County Retirement Plan and the Howard County Police and Fire Employees' Retirement Plan was held Monday, December 9, 2019 at 8:30 a.m. in the Columbia room of the Ascend One Building at 8930 Stanford Blvd. Columbia, MD 21045. Members also participated via conference call. Present in person and on the phone for all or part of the meeting were the following voting members of the Commission:

Ken Barnes
Jae Chon
Todd Snyder
Mitch Stringer

Also present in person for all or part of the meeting were Scott Southern from the Office of Human Resources and Cynthia Peltzman from the Office of Law. Mr. Snyder chaired the meeting and Mr. Southern served as secretary.

The meeting was called to order at 8:40 a.m. The first order of business was to review the minutes from the commission's previous meetings on May 17, 2019 and June 3, 2019. Since Jae Chon was not present for the beginning of the meeting, the commission members reviewed the June 3, 2019 minutes first. The minutes were approved after addressing a few minor edits.

Mr. Snyder asked the commission members if they had the opportunity to review the suggested changes to the Rules of Procedure of the Pension Oversight Commission. He individually distributed the amendments by email on November 27, 2019. He opened the meeting to any discussion about the proposed changes. The commission members were all in agreement with the changes and voted to approve the revision as written.

The discussion proceeded to the auditor's report that was presented at the Joint Retirement Plan Committee meeting on December 5, 2019. The commission wanted to understand how the auditors reviewed the valuation of the private equity investments in the plan. Since Private Equity makes up approximately 30% of the plans investments it is important to know that valuation is reasonable. The commission noted that the auditors did not discuss any significant deficiencies and that the audit opinion did not raise an issue with the current discount rate.

The commission went on to review the quarterly investment performance of the retirement plan and noted the best performing investment group is private equity. The commission reiterated the need to find out who is validating the returns to verify the accuracy. The commission commented that sometimes private equity returns are based on assumptions.

The commission subsequently discussed if the charter should be amended to eliminate Private Equity from the scope of the POC's review if it can't gain access so that the constituents are aware of the limitation. No action was proffered at this time.

Jae Chon Joined the call at 9:05 a.m.

Mr. Snyder stated that the POC has had direct discussions with the County Council and The County Executive addressing that they do not have access to material regarding Alternative Investments. The Commission would like to work out an arrangement allowing them to have additional access to information on alternative investments. They noted that the lack of access is impairing their ability to do their job.

The Commission went on to discuss how the Joint Retirement Plan Committees were critical of the Commission for not meeting with them to discuss their annual report before issuing it. It was decided by the Commission members that Mr. Snyder and Mr. Barnes would attempt to set up a working meeting with a subcommittee of the Retirement Plan Committees. At that meeting they would discuss access to information and establishing a smooth working relationship. They requested that Mr. Southern reach out to the Committee to arrange the meeting.

The Commission discussed the election of a Chairperson and Vice Chairperson for the next year. After reviewing the transitions that were upcoming and the interest of the Commission members, it was moved and seconded that Mr. Snyder be appointed as Chairperson and Mr. Chon as Vice Chairperson. The Commission wanted to know the status of the appointment of the new Commission member to fill Mr. Hong's vacated position. They also wanted to know the procedure for suggesting qualified candidates in the future. Ms. Peltzman advised that she would speak with the appointment contact in the County Executive's office, Kimberly Pruijm, to check on the status.

The Minutes from the May 17, 2019 meeting were reviewed and approved with a few minor amendments.

The Commission moved on to the discussion of the annual report. They went over some of the possible topics that may be addressed including the change to the disability retirement procedures, and any conflict of interest that may exist for Retirement Plan Committee members in their role as fiduciaries. They may suggest that the Retirement Plan committee have a citizen member. Another topic that the Commission would like a further explanation of is why the discount rate was only lowered 5 basis points. One recommendation that the commission could make is that the Plan hire an outside consultant to assist in setting the return assumption. In the process of putting together the report, the Commission wants to find out more about the roles of each of the plan's advisors.

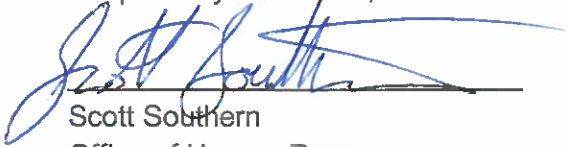
Mr. Stringer wanted to know if the role of the Pension Oversight Commission was ever defined. He feels if the commission can tie its request for more access to information directly to the definition of the Commission's role in the County Code, the request is more likely to be granted.

The Commission discussed the upcoming meetings that it would like to schedule. They would like Mr. Southern to request a meeting with Clifton Larson Allen for the week of January 13th or

January 20th. They would also like to request a meeting with Bolton sometime in February. The Commission members agreed to have their next meeting on January 27, 2020 at 8:30 am.

With no further issues to discuss, the meeting was adjourned at 10:00 a.m.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Scott Southern", is written over a horizontal line.

Scott Southern
Office of Human Resources

