

HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN  
HOWARD COUNTY RETIREMENT PLAN

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

September 28, 2017

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, September 28, 2017 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson  
Director of Finance: Stanley Milesky  
Budget Administrator: Holly Sun  
Representative, Police Department Supervisory Employees:  
Jason Luckenbaugh (Voting Member in Fiscal Year 2018) (arrived 9:24 a.m.)  
Representative, Howard County Police Officers' Association, Lodge 21:  
Mark Thomey

Members Absent

Chief Administrative Officer: Lonnie Robbins  
Representative, Fire and Rescue Supervisory Employees:  
Vincent Baker (Non-Voting Member in Fiscal Year 2018)  
Representative, International Association of Firefighters, Local 2000:  
Richard Ruehl

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson  
Chief Administrative Officer's Designee: John Peterson  
Deputy Director of Finance: Angie Price  
Budget Administrator Designee: Janssen Evelyn  
Employee Representative: Jeff Bronow  
Representative, American Federation of State, County and  
Municipal Employees Local 3080: Kim Drennon (arrived 9:20 a.m.)  
Representative, American Federation of State, County and Municipal  
Employees Local 3085: Dale R. Chase

## Members Absent

None

Also present for all or a portion of the meeting were:

Sima Taghavi, Department of Finance  
Gary Kuc, Howard County Solicitor  
Eric Ralph of Summit Strategies Group  
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.  
Scott Southern, Retirement Assistant, Office of Human Resources  
Nike Yahaya, Retirement Aide, Office of Human Resources  
Jamar Herry, Office of Law

Wanda Hutchinson acted as Chair of the Meeting and Paul Madden acted as Secretary.

The meeting was called to order at 9:10 a.m.

Wanda Hutchinson agreed to be the Open Meetings Act designee for both Plans and will take the required training.

Wanda Hutchinson introduced two new members of the Retirement Plan Committee for the Employees Plan: Angie Price, Deputy Director of Finance will serve as Stan Milesky's designee. Janssen Evelyn will serve as Holly Sun's designee on the Employees Plan. In addition, Wanda introduced Jamar Herry from the Office of Law who is taking Janssen's place as counsel.

The minutes of the July 27 meeting were unanimously approved by the members of both Committees.

There was a discussion on upcoming RFPs for legal and investment consulting services, Jamar Herry, Terry Reider, Janssen Evelyn, Dale Chase, Jeff Bronow and Jason Luckenbaugh will serve on the Committee reviewing legal service providers, Stanley Milesky, Dale Chase, Terry Reider and Rich Ruehl will serve on the Committee reviewing investment consultants.

Next, Brian Hoesly and Michael McCarthy representing Fidelity Investments reviewed the International Growth Fund. The Master Trust has approximately \$65 million invested in the Fidelity International Growth Fund. The Fund has produced year-to-date returns of 18.38% net of fees and one-year returns of 16.90% also net of fees.

Brian Hoesly is the lead portfolio manager; however, he deals only with allocation. The International Growth Fund is allocated between the Europe Growth Fund and the Asia Growth Fund. Peter Hadden is the portfolio manager for the Europe Growth Fund and Eileen Dibb is the portfolio manager for the Asia Growth Fund.

Fidelity has a fundamental approach; Brian Hoesly described the Fund as a core fund with a growth bias. The Fund is restricted to developed countries only and has a universe of

approximately 1,600 stocks. Since inception, the Fund has returned 5.40% which is slightly ahead of the return for the benchmark. After completing their presentation and addressing questions from Committee members and consultants, Messrs. Hoesly and McCarthy left the meeting.

The subcommittee to review the Plans' international strategy consists of Angie Price, Janssen Evelyn, Jason Luckenbaugh, Dale Chase and Eric Ralph.

Next, the Committee discussed proxy voting. The Committee recognizes that voting rights are a Plan asset which must be addressed in a prudent manner. Currently, the Master Trust delegates proxy voting to investment managers; however, some proxy issues are not delegated. The Committee intends to develop and implement a proxy voting policy. Paul Madden and Jamar Herry agree to approach members of the National Association of Pension Plan Attorneys to determine whether similar funds have developed a proxy voting policy. The Committee also agreed to schedule training on portfolio monitoring.

Next, Stan Milesky addressed a particular proxy issue which requires a vote. TA Realty Fund IX requested limited partners to approve an early closing of the Fund. It was noted that Fund IX has positive returns and is approximately 77% distributed already. After discussion, and upon motion duly made, seconded and unanimously approved, the Committee resolved to approve the closing of TA Realty Fund IX and authorized Stan Milesky to execute the proxy on behalf of the Master Trust.

Next, Eric Ralph reviewed the Flash Reports as of July 31, 2017 and August 31, 2017. The August 31 report indicates that the market value of the Master Trust is \$943 million. Stan Milesky noted that the private equity and hedge funds allocations had strong performance.

Next, Eric Ralph reviewed the Summit Strategies Report as of June 17, 2017. For the fiscal year, the Master Trust returned 12.57%, which placed it in the 39<sup>th</sup> percentile as compared with peers. The three year return is 5.72% which placed it in the 35<sup>th</sup> percentile and the five year return is 8.93%, placing it in the 52<sup>nd</sup> percentile. Comparing risk versus return over rolling three year periods, the Fund produces above average returns with lower than average risk.

Eric noted that the International Equity Component has produced close to benchmark returns over the last five years.

Eric Ralph suggested that a subcommittee review the entire international equity component of the Master Trust. This represents approximately 20% of the portfolio. Currently, the three international equity managers are DFA, Mondrian and Fidelity.


Next, Eric reviewed the private equity allocation of the Fund.

In accordance with the implementation strategy, Summit recommended a \$5 million allocation to Aberdeen Fund VII. The Master Trust has current investments with Aberdeen (formerly FLAG) and the investments have performed well. After discussion, and upon motion duly made, seconded and unanimously approved, it was resolved that the Committee approves Summit Strategies' recommendation to invest \$5 million in Aberdeen Fund VII, subject to due diligence and legal review.

The QDRO procedures update was tabled until the next meeting of the Committee.

There being no further business, the meeting adjourned at 12:20 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul W. Madden". The signature is fluid and cursive, with a large initial "P" and "M".

Paul W. Madden  
Secretary of the Meeting

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