

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

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

October 26, 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, October 26, 2017 at 9:00 a.m. in the C. Vernon Gray Room, George Howard Building, 3430 Court House Drive, Ellicott City, Maryland, 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Stanley Milesky
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Voting Member in Fiscal Year 2018)
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker (Non-Voting Member in Fiscal Year 2018)
Representative, Howard County Police Officers' Association, Lodge 21:
 Mark Thomey
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl

Members Absent

None

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
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
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
Todd Snyder, Pension Oversight Commission

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

The minutes of the September 28, 2017 meeting were corrected to add Jeff Bronow to the International Equities Strategy Subcommittee. With that change, the minutes were unanimously approved by the members of both Committees.

Next, Sima Taghavi presented the Statement of Revenues and Expenses (Budget vs. Actual), the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position for the Employees Plan and the Police and Fire Plan as of June 30, 2017. Sima noted that the investment income for each of the Plans significantly exceeded the budget which had a positive impact on the Statement of Revenues and Expenses. Overall, all other operating revenue and operating expense items were in line with the budget.

Next, Sima provided the Estimated Revenues and Expenditures for Fiscal Year ending June 30, 2018. Sima explained that the increases in the budgeted custodial fees, investment services fees and attorneys' fees were due to an expectation of high volume activities in the equity market, an increase in investment activity and hiring new fund managers in the fiscal year.

Paul Madden noted that the actual expenditures for travel and training were significantly less than the budget. The members of the Committee were asked to schedule training on their personal calendars during the upcoming fiscal year.

Next, Daman Blakeney, Damien Davis, Andrew Fones, Kempton Ingersol, Keith Lee and Kent Miller joined the Committees to make a presentation on behalf of Brown Capital Management. Brown is 100% employee-owned and describes itself as benchmark agnostic.

Brown is one of the Master Trust's small cap equity managers. Out of \$9.5 billion in assets under management, approximately 85% of the assets are in Brown's small company strategy. Howard County's portfolio is \$15.6 million.

The small company fund's criteria for investment include revenue of \$250 million or less at the time of the initial investment. The portfolio will have from 40 to 65 holdings.

Over the trailing five years, the small company strategy has returned 19.97% as compared with the 14.26% return the Russell 2000 Growth Index. Mr. Lee described the best and the worst performers in the portfolio in various periods ending December 30, 2017.

Mr. Lee addressed changes to the small company team and the International Team and address the sell strategy. Mr. Lee indicated that the founder, Eddie Brown is not planning to leave. Eddie Brown works on the large company team. The firm created an Employee Stock Ownership Plan and issues stock warrants as a way of keeping its top performers intact.

After addressing questions from the Committee and consultants, the Brown Capital Management Team left the meeting.

Next, Tara Patock and Cliff Kalish joined the meeting to provide a presentation on the Small-Medium Growth Strategy of William Blair. Mr. Kalish indicated that William Blair is owned by its partners. William Blair has \$94 billion in assets under management. The Small-Mid Cap Growth Strategy has \$7.4 billion in assets under management. The William Blair team discussed some recent changes in personnel, including the departure of Michele Seitz, formerly the global head of investment management, in September. Ms. Seitz is now the CEO of Russell. Ms. Seitz has been replaced by Stephanie Braming, a veteran portfolio manager. Mr. Kalish also addressed the retirement of Karl Brewer.

Over the past five years, William Blair has returned 17.38% which compares favorably to the Russell 2500 Growth Index which returned 14.46%. William Blair also exceeded the benchmark over one, three, seven and 10 year periods and since inception. Ms. Patock indicated that William Blair looks for quality growth companies that are mispriced but have solid financials and long-term growth prospects. Generally, William Blair expects strong performance relative to the benchmark in bear markets better than average performance in normal up-markets and somewhat lower than benchmark performance in speculative markets.

After completing their presentation and addressing questions from the Committee and consultants, Ms. Patock and Mr. Kalish left the meeting.

Eric Ralph indicated that both Brown Capital Management and William Blair have performed well. Summit Strategies has some concern about the replacement of Michele Seitz with Stephanie Braming. As far as Brown Capital Management, Eric noted that the small company strategy represents approximately 90% of assets under management. While there is risk if there is a major correction in the small company market, Howard County Master Trust has invested in the most successful and important product to the firm.

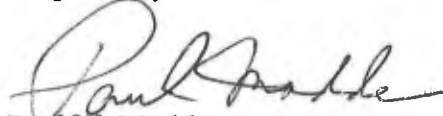
Next, Eric Ralph reviewed the Summit Strategies Group Monthly Flash Report as of September 30, 2017. It was noted that the market value of assets in the Master Trust is at \$957 million.

At this point, the meeting of the Employees Plan Committee adjourned. Paul Madden presented changes to the QDRO policy for the Police and Fire Plan. A recent amendment to the Police and Fire Plan removed the "remarriage penalty" for surviving spouses that receive the surviving spouse annuity. A change to the QDRO policy has been proposed to specifically

provide that the Plan Administrator will not approve a Qualified Domestic Relations Order (or QDRO) that attempts to divide the surviving spouse annuity. After discussion, and upon motion duly made, seconded and unanimously approved by the members of the Police and Fire Plan, it was resolved that the Committee approves the revised QDRO Policy.

There being no further business, the meeting of the Police and Fire Plan Committee adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Paul W. Madden".

Paul W. Madden
Secretary of the Meeting

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