

**Charles County Pension Plan
Retirement Plan Committee Meeting
Thursday, February 7, 2013
Commissioners' Meeting Room
2:00 p.m. – 3:30 p.m.**

The meeting of the Retirement Plan Committee for the Charles County Pension Plan was called to order at 2:07 p.m. by Mark Belton.

Committee Members Present

Mark Belton, Chair
Deborah Hudson, Vice-chair
Stephen Brayman, Secretary
Megan Donnick

Staff

Elaine Pollard, Recording Secretary

Other Participants

Johanna Hunt, Dean Molinaro and David Pappalardo of Prudential

I. Approval of Minutes for Committee Meeting December 6, 2012

The Committee reviewed the minutes of the December 6, 2012 meeting. Steve Brayman moved to approve the minutes. Deborah Hudson seconded the motion. The Chair abstained; the motion passed.

II. 4th Quarter Update

Dean Molinaro of Prudential reviewed the Plan's asset allocation with the Committee. As of December 31, 2012 the Plan's assets were valued at \$130,173,000. It was noted that the investments are slightly overweight in equities. Rebalancing will move the levels to the allocation as outlined in the Investment Policy Statement.

It was discussed that the Large Cap Value/LSV Asset Management Fund is on Prudential's watch list, but during CY12 it outperformed in its index. The fund is a candidate to be removed from the watch list.

The Large Cap Growth/Neuberger Berman Fund is also on Prudential's watch list and is likely to be removed via Prudential's manager-of-managers platform.

A Committee member asked for an illustration of the old money rate and new money blend. In the future, Dean Molinaro will provide the numbers and how the blend is calculated.

David Pappalardo reviewed the actuarial results with the Committee. The 2012 Annual Required Contribution (ARC) for FYE 6/30/14 is \$5,355,770. The 2011 ARC for FYE 6/30/13 was \$5,246,499. It was noted that costs increased due to a net actuarial loss comprised of market and actuarial investment losses and liability gains from salary experience. The Plan is 89% funded.

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Mr. Pappalardo reviewed the GASB Statements 67 and 68 changes with the Committee. Statement 67 refers specifically to pension plans and is effective for fiscal years beginning after June 15, 2013. Statement 68 refers specifically to plan sponsors and is effective for fiscal years beginning after June 15, 2014.

A Committee member asked what the payroll percentage was for Charles County Government. Mr. Pappalardo will provide the information to the Committee.

III. Employee Committee Representative

Aaron Hamm, who was the Committee's Employee Representative, resigned from Charles County Government in December. The Department of Human Resources sent notification to Department Heads requesting them to notify employees of the vacancy and received the names of five nominees. The Committee agreed to interview the nominees in closed session at the next meeting and forward the names to the Commissioners. The interviews will be scheduled in 15 minute increments. Megan Donnick will contact the nominees with the date and times of the interviews.

IV. New Business

Deborah Hudson updated the Committee on the purchase of Board Docs LT. During a demo of the software she learned that the company is developing a new product—Board Docs LT Plus, which will allow multiple boards to use the same software. The product is currently in the beta stage. The Chief of Information Technology does not recommend using the first edition of software, and Ms. Hudson suggested that the Committee wait until another edition of the software is released before proceeding. She further recommended that the Committee review a demo of the software at a later time.

A Committee member is unable to meet on the next two scheduled meetings; therefore, the dates and times will need to be changed. Megan Donnick review the members' calendars to confirm that April 15, 2013 and June 17, 2013 beginning at 9:00 a.m. is open for all members.

The request to review adding a retiree to the Committee was discussed. The consensus of the Committee was to wait until the Employee Representative has been selected before revisiting the item.

The Committee discussed the Public Safety study reducing public safety participant's vesting from 20 to 5 years. It was noted that the previous Chairs were going to interact with the Director of Department of Emergency Services (DES) concerning the study, but it was unknown if such action had occurred. It was noted that neither DES employees nor the Director have come before the Committee to discuss the matter.

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V. Public Comment

The Committee received the following public comments:

- Mentioning smoothing and losses to the Commissioners in September
- How the Affordable Care Act affects retirees
- Retirees would like to see COLA rate changes in January versus May
- The Committee's decision to delay reviewing the retiree request until after the Employee Representative is selected

There being no new business, the meeting adjourned at 3:47 p.m.

Submitted for Approval by:

Approved by:



Stephen A. Brayman
Secretary



Mark Belton, Chair
Retirement Plan Committee

Approved by Retirement Plan Committee:

4/15/13
(Date)