

**Charles County Pension Plan  
Retirement Plan Committee Meeting  
Thursday, February 2, 2012  
Commissioners' Meeting Room  
2:00 p.m. – 4:00 p.m.**

The meeting of the Retirement Plan Committee for the Charles County Pension Plan was called to order at 2:05 p.m. by Dr. Bridgett.

Committee Members Present

Rebecca B. Bridgett, Ed.D., Chair  
Deborah Hudson, Vice-chair  
Stephen Brayman, Secretary  
Aaron Hamm  
Megan Donnick



Other Participants

Dean Molinaro, David Pappalardo and Johanna Hunt of Prudential

Staff

Elaine Pollard, Recording Secretary

**I. Approval of Minutes for Committee Meeting December 1, 2011**

The Committee reviewed the minutes from the December 1, 2011 meeting. Steve Brayman moved to approve the minutes. Deborah Hudson seconded the motion, and the motion passed unanimously.

**II. 2011 Annual Report of Charles County Pension Plan**

Dean Molinaro reviewed the Plan's asset allocation. As of December 31, 2011, the Plan's assets were \$112,814,00.

Three of the Plan's funds are under performing and are on Prudential's watch list: Large Cap Value/LSV Asset Management Fund, Large Cap Blend/Victory Fund and Mid Cap Growth/Goldman Sachs.

The Committee recessed at 2:16 p.m. and reconvened at 2:21 p.m.

David Pappalardo reviewed the Plan's assumptions and recommended that the Committee change the COLA assumptions from 3.250% to 2.5%. Prior to any changes, the Annual Required Contributions (ARC) was \$6.025M. Reducing the assumptions to 2.5% will decrease the ARC by \$1.2M. If the assumptions are lowered to 2.5%, the ARC will be \$4.85M; if the assumptions are changed to 2.75%, the ARC will be \$5.25M.

Deborah Hudson moved that the Committee recommend that the Commissioners change the assumptions to 2.75%. Steve Brayman seconded the motion. The Committee discussed that 2.75% is a more conservative number and that at 2.5% it may be difficult to come up with larger contribution amounts should the actual COLAs exceed 2.5%. It was further discussed that within the last 10 years, 2004 was the only year the ARC was not fully funded (the ARC

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was funded 75% in 2004.) The motion passed with a three to two vote in favor of recommending a change in the assumptions to 2.75%. The recommendation will be placed on the Commissioners' agenda.

Johanna Hunt reviewed Prudential's management fees with the Committee. It is expected that Regulation 408(b)(2) will be released in March. Prudential will move forward with the new prescribed format, and may not have the flexibility to provide the Committee with customizable reports. Ms. Hunt will review Regulation 408 (b)(2) with the Committee in further detail in June.

The Committee was informed that the management fees on the Large Cap Value/LSV Asset Management Fund will be reduced by \$28,000 per year.

**III. New Business**

Deborah Hudson distributed the proposed changes to the Investment Policy Statement (IPS) and asked that the Committee review. The IPS changes will be put on the next meeting's agenda.

**IV. Public Comment**

The Committee received comments on and provided debriefs on the following:

An audience member questioned if there was an update on the adoption of fully funding the Plan as a goal of the Commissioners.

It was questioned whether there is a legal reason why a non-voting retiree is not on the Committee.

It was noted that the Citizen Notification Service is going well.

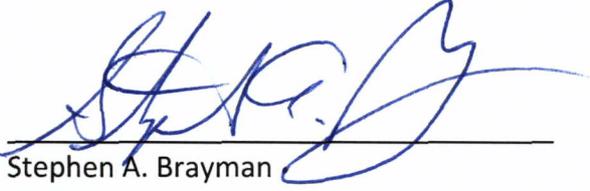
It was noted that the retiree badges have been well received by retirees.

There being no further new business, the meeting adjourned at 3:57 p.m.

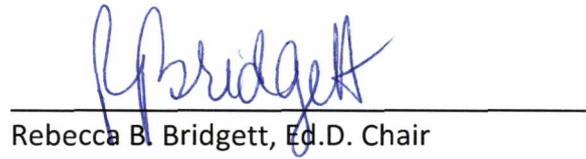
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Submitted for Approval by:

Approved by:



Stephen A. Brayman  
Secretary



Rebecca B. Bridgett, Ed.D. Chair  
Retirement Plan Committee

Approved by Retirement Plan Committee: 4/5/12  
(Date)

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