



# CECIL COUNTY PUBLIC SAFETY PENSION PLAN

BOARD OF TRUSTEES  
200 Chesapeake Boulevard, Suite 2800  
Elkton, MD 21921  
(410) 996-5250



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## BOARD OF TRUSTEES

May 9, 2024

Present: Angela Blodgett, Stephen Brownhill, Steve Overbay, Wayne Tome, Shon McCollum, Matthew Carr and Paul Camponelli

Guests: Sheriff Scott Adams, Chief Deputy Gerald Widdoes, Sandy Biggs, Michael Zack, Shawn Mahan, Tom Vicente, Janice Twardowicz, Lazaro Guzman, Tanya Keady and Carol Seldomridge

Presentations: Empower and Segal Marco Advisors.

**Call to Order:** 0830 by Angie Blodgett

### Administrative Tasks/Old Business:

- Meeting minutes – Approved February 15, 2024 meeting minutes

### New Business:

- Actuarial Valuation for 2023 presented by Tom Vicente
- DROP – language from Attorney presented and discussed. Motion to approve DROP as is with the following change: Section 13.10 to “The Board of Trustees in its sole discretion may decide to recommend the continuation of the DROP program past such date.” Motion made by Stephen Brownhill. Second by Matthew Carr. Approved by Trustees.
- Large Cap Fund Allocation recommendation to move 5% funds from Large Cap JP Morgan and 6% funds from Large Cap MFS to a new S&P 500 fund – Motion made by Shon McCollum. Second by Steve Overbay
- Discussion regarding possible request for proposal for fund managers and plan attorney

### Adjournment:

- Stephen Brownhill at 0958 to adjourn the meeting. Shon McCollum second. Approved by the Trustees.

Next Scheduled Meetings – August 8<sup>th</sup> and November 7<sup>th</sup> at 0900 hours Department of Emergency Services

Respectfully entered,

Carol Seldomridge  
Major Matthew Carr, Secretary



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### Notes From Meeting May 9, 2024

#### Empower Presentation

- Empower: Lazaro Guzman stated the economic data continued to be strong in the first quarter despite the higher interest rates. Consumer spending continues to be the driver of our economic growth followed by business fixed investment and government spending. Labor markets remain tight and unemployment rate continues to sit below 4%. The Federal government announced last week that they are keeping rates the way they are although inflation remains higher. Overall economic trends remain supportive of a positive growth environment over the near term. They believe that if there is a recession, it will be a mild one.
- The US equity markets performed very well for the quarter. The S&P 500 was up over 10%; MSCI EAFE International was up close to 6% for the quarter; and MSCI Emerging was up 2 and a half. Overall, the equity markets did very well for the quarter. Again, there were a handful of names that contributed to the good return from the S&P 500 (i.e. NVIDIA, Microsoft)
- **Opportunity for questions.**
- No questions
- The quarter ended with a little bit over \$80M in assets as of 03/31/24. The balance compares very well to the 4<sup>th</sup> quarter. In order to raise cash for benefit payments, they sold \$150,000 from an equity fund and redeployed to the PGIM Short-Term Fund. Overall the returns are competitive.
- **Opportunity for questions.**
- No questions
- Note that the presentation is in a slightly different format due to a new system. There is additional information that could be useful benchmarking information. A lot of funds are meeting their benchmarks. They are either beating their index or are in the top ½ of the peer group.
- **Opportunity for questions.**
- No questions
- We have been looking at ways to tweak the Large Cap and Fees to help in the performance. We have some recommendations around the fees we will present in August. Empower has bundled the administration costs into the costs of the funds. Our proposal in August, is to separate the administration costs from the investment costs, lower the investment fees and charge an explicit fee for the administration fees. The total will not go up, but you will be able to clearly differentiate the fees.
- We are proposing adding index exposure to the S&P 500. We are trying to break down the overall fees by adding these index exposures. Currently the Large Cap Equity of 32% is split 50/50 between Large Cap Value JP Morgan and Large Cap Value MFS. We are proposing to take 12% allocation to an S&P 500 index fund. The cost would be less than the active managers. The other two funds will have 10% giving a total of 10/10/12 for the 32%. The index they have in mind is the Dryden S&P 500 Index Fund. They will custom the rate at .04%. They have also provided fact sheets from Vanguard with similar returns. Vanguard is a little cheaper but they are not on Empower's platform and an additional fee would be assessed. Tanya Keady from Segal stated that Segal is supporting Empower's proposal.
- **Opportunity for questions.**
- Steve Overbay – Did you say you will be giving us a proposal in August for splitting the Large Cap?
- Lazaro – For splitting the Large Cap, you do not have to wait until August. It would take 8 to 10 weeks to

add in the fund, but we can move on that with your approval. August will be another proposal to change all the expense ratios for all of your funds and then lower the expense ratios and split out the cost of the administration fees. Lazaro will follow-up with an email regarding the proposal.

- Steve – Is there any exposure or downside to making the move now? Is there anything that we need to be aware of?
- Lazaro – He stated that he does not see any downside.

### **Segal Advisor Presentation**

- **Performance Review**
- Segall: Tanya gave a brief overview of the market. The first quarter shows a net investment change of 4 ¼ million growth and payouts of ½ million. Tanya stated again that they agree with Empower to move 6% from JP Morgan and 6% from MFS into a new Large Cap fund.
- **Opportunity for questions**
- No questions

### **Administrative Tasks/Old Business/New Business**

- Tom Vicente from Bolton reviewed the actuarial valuation as of July 1, 2023 to determine the County's contribution for the fiscal year ending June 30, 2025.
  - 1) Steve asked when the numbers from Payroll are blended into their summary. Tom stated they take a snap shot data every July 1.
  - 2) Steve asked if the numbers are from the budget's full employment or real head count? Tom clarified that numbers are based on a head count not on a number of positions.
  - 3) Steve questioned conservative versus aggressive. Tom explained the conservative approach will assist with the long-term as far as costs.
  - 4) Shon McCollum asked where the 94.3% places us. Tom stated in the top half close to top third.
- Angie Blodgett informed everyone that starting with the August 8<sup>th</sup> meeting, the start time for the meetings will be changed to 9:00 am.
- Meeting minutes of February 15. Motion to approve by Steve Overbay. Seconded by Shon McCollum. All in favor. Motion carried.
- **DROP** Angie opened the floor for conversation regarding the program language.
  - 1) Steve asked if there was anything in the document that the sub committee did not discuss. Angie stated that she did not think there was. She stated that all conversation between her and the plan attorney is documented to the right in the comments on the document provided.
  - 2) Steve brought up to the group regarding the sunset language in Section 13.10 "The Board of Trustees in its sole discretion may decide to continue the DROP program past such date.". He believes that the Board does not have that ability if it sunsets automatically. He asked if the Board has the sole ability to do this beyond the sunset period or is it a Council action. Angie stated that the Board would make the recommendation, then it would go to be signed off by the County Executive and County Council. Steve recommends that the language be changed so that it does not imply the Board has the sole decision. After discussion all agreed to change the verbiage to "The Board of Trustees in its sole discretion may decide to recommend the continuation of the DROP program past such date."
  - 3) Discussion regarding the 3, 5 or 7 years. Main points: a) average stay during a DROP is 3 to 3 ½ years due to health, job conditions etc., b) giving employees a goal for the 5 years, and c) the 7 years could be too long.
  - 4) Steve expressed concern on not having a cap to the program. Discussion regarding placing a cap. Main points: 1) if you place a cap, the individuals who do not receive the program will leave anyway, and 2) funding is already allocated.
  - 5) Steve asked what was happening in other jurisdictions when an individual signs up and see others receiving more pay. Sheriff Adams stated the individuals will still receive a cost of living and pay but the pay is not pensionable.

- 6) Angie asked if there was a motion to approve the plan with the suggested change in Section 13.10. Stephen Brownhill motioned to approve the DROP. Matthew Carr seconded the motion. All in favor. Motion was approved.
  - 7) Next steps will be to send the DROP to the County Executive for review and approval and then forwarded to County Council for approval.
- **Large Cap Allocation** – Shon McCollum made a motion to approve the proposal from Empower to take 6% from JP Morgan and 6% from MSF to a new S&P 500 fund. Steve Overbay made a motion to second. All in favor. Motion carried.
  - **Fund management groups** – Steve questioned if there has been any consideration in shopping around for fund management groups. Steve recommended that we go out to the markets to consider opening up to all individuals. Shon agreed. Revisit when the fees are broken out to get a clearer idea.

### **Adjournment**

- Angie called for a motion for adjournment. Stephen Brownhill made a motion to adjourn at 0958. Shon McCollum seconded. All in favor.

Respectfully submitted,

Carol Seldomridge

For Major Matthew Carr, Secretary