

**BOARD OF INVESTMENT TRUSTEES
MONTGOMERY COUNTY EMPLOYEES' RETIREMENT SYSTEM**

MINUTES – OPEN SESSION

Friday, February 07, 2025

100 Maryland Avenue, 6th Floor, Rockville, MD 20850
ZOOM Video Conference

Board Members Present:

Jennifer Bryant
Michael Coveyou
James Donaldson
Jennifer Harling (Zoom)
Brian Swain (Zoom)
Lee Holland
Barry Kaplan
Christine Kelleher
Linda Herman
Craig Howard
Gino Renne
Jeffrey Buddle

Staff:

Eli Martinez
Kevin Killeavy
Marc Esen
John Feketekuty
Darrin Arbaugh
Ben Merrill
Ben Holthus
Min Tang
Yan Yan
Denise Kropp
Ge Lee

Others Present:

Phillip Nelson, NEPC
Margaret Belmondo, NEPC
Melanie Fraind, Franklin Park
Samuel Blouin, Albourn
John Markovs, County Attorney
Silvia Kinch, Office of the County Attorney
Amy Williams, GRS
Alex Rivera, GRS
Brad Kelley, Global Governance Advisors
Peter Landers, Global Governance Advisors

Approval of Consent Agenda: The Board discussed the consent agenda and work plan.

Following discussion by the Board, Mr. Renne moved, and Mr. Kaplan seconded, and the Board approved the following resolution:

2502-01 *Resolved that the Board approves of the items A-2 through A-4 on the consent agenda.*

Following discussion by the Board, Mr. Coveyou moved, and Ms. Herman seconded, Mr. Howard abstained and the Board approved the following resolution:

2502-02 *Resolved that the Board approves moving the approval of the minutes outside of the consent agenda.*

Following discussion by the Board, Mr. Coveyou moved, and Ms. Herman seconded, Mr. Howard abstained and the Board approved the following resolution:

2502-03 *Resolved that the Board approves of changing the work plan to include the recording of minutes, a six-month performance review of the Executive Director, and the Disaster Recovery Plan.*

Executive Director Updates: Mr. Martinez provided an update on the Plan, upcoming projects, and recent actions. Mr. Martinez gave an update on the lease for the new office space, highlighting the close collaboration with Montgomery County Executive Office and the Department of General Services Office of Real Estate (DGS). Additionally, Mr. Martinez stressed that operational needs were the driving factor for a change in office space impacting all aspects of the organization. The needs presented include the need for confidentiality protections for retiring participants, the need for security for members, room for growing staff, adequate meeting rooms and conferencing facilities, and a lobby area for visitors, members, and participants. Mr. Martinez recapped the lease agreement process and provided a breakdown of the cost and allocations per plan.

Board Governance Policy Updates: Mr. Martinez presented updates on the Board Governance Policy. Mr. Martinez presented the updates to the existing Governance Policy, Board Education Policy, Vendor Referral and improvements to the Conflicts of Interest Policy.

Following discussion by the Board, Mr. Buddle moved, and Mr. Donaldson seconded, and the Board approved the following resolution:

2502-04 *Resolved, that the Board approves sending the language in the Board Education Policy, using the language “reasonable effort”, to the ethics commission for review. After review by the Ethics Commission, the changes will be brought back to the Board for approval.*

Following discussion by the Board, Mr. Buddle moved, and Mr. Renne seconded, and the Board approved the following resolution:

2502-05 *Resolved, that the Board approves issuing a Request for Information (RFI) for other training alternatives for board education. Furthermore, the results of the RFI will be brought back to the Board for review and approval.*

Following discussion by the Board, Mr. Kaplan moved, and Mr. Howard seconded, Ms. Herman and Mr. Coveyou opposed and the Board approved the following resolution:

2502-06 *Resolved, that the Board approves the Vendor Referral Policy with the language as is.*

Following discussion by the Board, Ms. Herman moved, and Mr. Coveyou seconded, and the Board approved the following resolution:

2502-07 *Resolved, that the Board approves the Conflict-of-Interest Policy be sent to the Ethics Commission for review and changes be brought back to the Board for approval.*

FY25 Projected & FY26 Requested Budget: Ms. Yan highlighted the actual versus budgeted expenses for FY24, the projected FY25 expenses, and the FY26 requested budgets.

Following discussion by the Board, Mr. Howard moved, and Mr. Buddle seconded, and the Board approved the following resolution, Ms. Herman and Mr. Coveyou opposed:

2502-08 *Resolved that the Board approves the FY25 estimated and the FY26 requested budgets, excluding the DCP, which is to be appropriated under the general fund and sent to the CAO for approval.*

FY 25-26 RSP Administrative Fee: Ms. Lee highlighted the RSP administrative fee. Following discussion by the Board, Mr. Buddle moved, and Ms. Kelleher seconded, and the Board approved the following resolution:

2502-09 *Resolved, that the Board recommends no administrative fee be paid by the County and the participating agencies in FY2026 and \$300,000 RSP Employer Contribution Credit be credited among the County and the participating agencies in FY2025.*

Compliance & Audit Committee Report: Mr. Killeavy presented the report, and the Board discussed it.

Annual Ethics Disclosure: Mr. Killeavy requested the Board members complete their annual ethics disclosure.

Actuarial Valuation July 1, 2024: Ms. Williams presented the actuarial valuation for June 30, 2024. Following the presentation, the Board discussed the implications of lowering the assumed rate of return from 7.5% to 7.25%.

Following discussion by the Board, Mr. Renne moved, and Mr. Buddle seconded, Mr. Coveyou and Ms. Herman opposed, and the Board approved the following resolution:

2502-10 *Resolved, that the Board recommends lowering the assumed rate of return from 7.5% to 7.25%, and the delivery of the full actuary report to the CAO.*

Trustee Travel Debrief: Mr. Donaldson presented his travel report for the NCPERS NAF Training he attended in October 2024. Mr. Donaldson discussed what NCPERS is, the topics covered during the training and his key takeaways.

Mr. Renne and Mr. Holland reported on their IFEBP Annual Employee Benefits Conference attendance.

Board Vision Implementation of Sustainability and Fiduciary Best Practices: Mr. Kelly and Mr. Landers gave a follow-up presentation on the implementation of sustainability and fiduciary best practices. Throughout the presentation there was discussion between Mr. Kelly, Mr. Landers and the Board regarding the organization and reporting structure of the Executive Director, the CAO and the Board.

Following discussion by the Board, Mr. Buddle moved, and Mr. Donaldson seconded, and the Board approved the following resolution:

2502-11 *Resolved, that the Executive Director distribute the MOU to all board members through email and allow the board members to provide comments to the Executive Director by February 28, 2025. The Executive Director will compile all comments and distribute them back to the Board. Motion Amendment from Mr. Howard to finalize MOU and compare the MOU with potential code changes.*

Following discussion by the Board, Mr. Renne moved, and Mr. Buddle seconded, Ms. Herman, Mr. Coveyou and Ms. Bryant opposed and Mr. Donaldson and Ms. Harling abstained and the Board approved the following resolution:

2502-12 *Resolved that all actuarial assumptions be set per the consultant's recommendation and hire the actuary through county code changes.*

Approval of 2025 Board Officers: Mr. Killeavy presented the proposed slate of Board Officers and Compliance & Audit Committee members. Following discussion by the Board, Mr. Buddle moved, and Mr. Howard seconded, Ms. Herman opposed, Mr. Coveyou abstained and the Board approved the following resolution:

2502-13 *Resolved, that the Board approves the following officers and Compliance & Audit Committee members:*

Chair – Christine Kelleher

Vice Chair – Mike Coveyou

Secretary – James Donaldson

Compliance & Audit Committee – Barry Kaplan, Jennifer Bryant, Christine Kelleher, and Lee Holland

DETERMINATION OF MEETING

The Board unanimously approved a motion to move into closed session at 2:07 p.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, General Provisions Article, 3-305(b)(5).

The Board moved back into open session at 2:30 p.m.

There being no further business of the Board, the open meeting session adjourned at 2:30 p.m.

Respectfully submitted,


Michael Coveyou, Secretary