

**Board Meeting
Minutes
Telephone Conference 1-929-229-2412 ID 963656266
September 25, 2020**

PRESENT: John Rodgers, Chairperson; Mikhael Sukhenko, Citizen Representative; Beryl Feinberg, Councilmember, Sgt. Chris Peck, FOP Representative, Derrick Pierson, Union Representative, Paula Perez, AAME, and Karen Marshall, Human Resources. Also, on the call were; Tim Peifer, Finance; Daisy Harley, Human Resources; Ryen Sherman and Christian Sevier Segal Marco Advisors, and Gavin Cohen, Executive Secretary to the Board.
The team from Lincoln Financial, Joe Hofman, Mark Ohnsted, Justin Harvey, Tatiana Hersch, Alice Dawicki, Greg Karawan, Mary Morley, and Dave Weiland were on the call through the end of their presentation.

ABSENT: None

The meeting commenced at 10:00AM.

Approval of Minutes from July 24, 2020

Derrick Pierson made a motion to approve the minutes as presented. The motion was seconded by Sgt. Chris Peck. The motion passed unanimously.

Lincoln Financial Presentation

Joe Hofman gave a brief introduction to Lincoln Financial and then each team member gave a brief overview of their role with Lincoln and the ongoing implementation with the City of Rockville staff.

Markets and Portfolio Update

Mr. Sherman discussed the market environment through August, noting the continued strong recovery in stocks, particular mega-cap technology and growth stocks, and the Federal Reserve's assurance that interest rates will remain low for the foreseeable future - which has meaningful implications for all asset classes.

Mr. Sevier then reviewed asset allocation and performance for the Pension Fund, noting that the Fund returned +3.2% for the month and has now returned +2.5% year-to-date, versus +3.1% and +1.1% respectively for the Policy Index. Mr. Sevier commented on performance for the Fund's various investments and Mr. Sherman noted that the recent approximate \$4 million City of Rockville contribution to the Fund was allocated to the Principal International Stock fund and Mellon Capital Bond Market Index fund, in accordance with the Policy asset allocation targets and permissible ranges. He stated that the expected \$1.5 million redemption from the Prudential real estate fund had been reduced to \$956 thousand to be distributed at the end of September, with the balance possibly distributed at year end.

Mr. Sevier reviewed the investment funds and performance of the Thrift/457(b) Plans, noting that participants have access to both growth and value investment options. Segal Marco concluded its presentation with a review of the Retiree Benefit Trust, which has returned +13.3% year-to-date, outperforming the Policy Index return of +7.0%. The Harding Loevner global equity investment was recently converted to a less expensive share class, with no change to the underlying strategy or portfolio.

Pension Plan Restatement

Mr. Cohen gave a brief overview to the Board about the reasons for the Plan Restatement. He mentioned that the changes were occasioned by the Plan review due to the implementation with Lincoln Financial. Other changes were due to changes in law, and the interest crediting change was the only change not related to the implementation with Lincoln Financial. The Board discussed whether to make a recommendation to the Mayor and Council with or without the interest crediting change. The Board decided that in order to make a recommendation to the Mayor and Council that more time was needed to do a thorough review of the restated plan. The Board voted unanimously to schedule another meeting on October the 16th 2020 to review the restated plan document and then to make a recommendation to the Mayor and Council.

The call ended at 12:07pm.

THE NEXT REGULAR MEETING IS FRIDAY OCTOBER 16, 2020