

**CITY OF ROCKVILLE**  
**Retirement Board**

DATE: May 16, 2025

LOCATION: WebEx Only

TIME: 10:00 a.m.

**Board Meeting**  
**MINUTES**

**PRESENT:** Board Members: Councilmember Barry Jackson, Mayor and Council Representative; Jeff Mihelich, City Manager; Darryl Parrish, Citizen Representative; Paula Perez, AAME Representative; Greg Satterfield, Union Representative; Mike Walsh, Chair and Citizen Representative  
Executive Secretary to the Board: Stacey Webster, City of Rockville CFO

**ABSENT:** Sgt. Chris Peck, FOP Representative

Also present: Christian Sevier and Herb Marache, Segal Marco Advisors; Susan Seling, Human Resources

Mr. Walsh confirmed the quorum and called the meeting to order at 10:03 AM.

I. Approval of Minutes

Mr. Mihelich made a motion to approve the minutes from February 21, 2025. Mr. Parrish seconded the motion. All members voted in favor (4-0-0; Mr. Satterfield and Ms. Perez arrived after this vote).

II. Quarterly Investment Performance Review

Following an overview of the market environment from the first quarter of calendar 2025, Mr. Sevier from Segal Marco Advisors presented the investment performance updates for the Pension Plan, Thrift/457 Plan, and Retiree Benefit Trust for the period ending March 31, 2025.

Mr. Sevier began by presenting the Pension Plan's performance, noting that it returned 0.6% for the first quarter of 2025 outperforming the benchmark return of 0.3%. The plan returned 3.7% for the fiscal year to date period through March 31, 2025, trailing the benchmark return of 4.2%. The Plan's asset allocation remains in compliance with the stated investment guidelines and the managers are performing in line with expectations.

Next, Mr. Sevier presented the Thrift and 457 Plans review. The Thrift Plan ended the quarter with \$62.8M and the 457 Plan had assets of 44.4M. Mr. Sevier noted that the American Funds

Target Date Funds remain the most utilized investment options for the combined plans, followed by the Stable Value fund. Mr. Sevier then provided performance commentary for several of the funds within the Plan. The JPMorgan SMID Cap Equity I fund has performed well compared to its benchmark more recently, but Mr. Sevier confirmed that its ongoing performance will continue to be monitored.

Mr. Sevier then reviewed the Invesco Developing Markets fund, which is captured in the minutes under *IV. Manager Ratings Action*.

Mr. Sevier concluded by reviewing the Retiree Benefit Trust. The plan ended the quarter with assets valued at approximately \$9.9M and returned 0.4%, which matched the benchmark return of 0.4%. The Trust returned 4.5% for the trailing one-year period, underperforming the Policy Index return of 6.3%. The asset allocation remains in compliance with the stated investment guidelines.

### III. Asset Allocation Review for Pension and OPEB Trusts

Mr. Sevier presented an asset allocation review for the Pension Plan and Retiree Benefit Trust. For the Pension Plan, Mr. Sevier presented the current asset allocation targets along with four alternative asset allocation mixes. Following a discussion with the Board, Mr. Walsh made a motion to update the asset allocation to Alternative 2; Mr. Parrish seconded the motion, and all members voted in favor (5-0-0; note: Mr. Mihelich stepped out during this vote).

The new asset allocation targets consist of 20.0% U.S. Large Cap equities, 10.0% U.S. Small Cap equities, 20.0% International equities, 22.5% Core Fixed Income, 17.5% Multi-Asset Class Solutions (MACS) and 10.0% Core Real Estate. As compared to the current asset allocation targets, the Alt 2 portfolio represents an increase of 2.0% to U.S. Large Cap equities, a decrease of 2.0% to U.S. Small Cap equities, an increase of 2.5% to Core Fixed Income and a decrease of 2.5% to Core Real Estate.

Mr. Sevier presented the Retiree Benefit Trust asset allocation next. Mr. Sevier presented two alternative asset allocation mixes, which focused on increasing the global equity bucket. The Board briefly discussed the alternatives and chose not to act at this time.

### IV. Manager Ratings Action

Mr. Sevier noted that Segal's Research Team has determined that a ratings change for the Invesco Emerging Market Equity Strategy from 'Approved' to 'Not Recommended' is appropriate based on a general deterioration across several elements within the seven principles analysis framework. Mr. Sevier recommended that the Board act by either performing a new manager search or mapping the assets to another fund.

Mr. Mihelich commented that given the current market conditions and low participation in the fund, he would like to move the assets to another fund. Mr. Parrish and Mr. Walsh agreed with Mr. Mihelich's mapping strategy. Mr. Sevier recommended mapping to the Target Date Funds. Participants will get 30 days to move their assets, or they will get mapped to the Target Date Funds automatically.

Mr. Mihelich made a motion to close the Invesco Emerging Market Fund and move the assets into the Target Date Funds if participant action is not taken. Mr. Satterfield seconded the motion, and all Board members voted in favor (6-0-0).

V. Retirement Board Annual Report

Mr. Parrish reminded the Board that the Office of the City Clerk/Director of Council Operations (CC/DCO) instituted a new requirement for all Boards and Commissions to provide an annual report of activities from the previous year. Mr. Parrish drafted the report on behalf of the Board. The draft report includes a list of Board members, consultants/advisors, meeting actions, and past and future meeting dates. Mr. Parrish asked the Board for any comments or changes; there were none. Ms. Webster noted that the future dates in the report are subject to change. Mr. Parrish will update the draft report to include the information from this meeting and will prepare a final report for the Board to approve at the September 12, 2025, meeting.

---

Ms. Webster announced the next meeting will be held on September 12, 2025, at 10:00 AM in the Black Eyed Susan Conference Room.

Adjournment – Mr. Walsh made a motion to adjourn. Mr. Mihelich seconded the motion. All members voted in favor (6-0-0). The meeting adjourned at 11:02 a.m.