

MINUTES
PENSION REVIEW COMMITTEE
Tuesday, November 22, 2022
Room 113 County-City Building, 555 South 10th Street
2:00 p.m.

Present: David Derbin, Chief Administrative Officer; Eric Synowicki, Deputy County Attorney; Joe Nigro, Public Defender; Dennis Meyer, Budget and Fiscal Officer; Rick DeBoer, AFSCME (in at 2:04 p.m.); Kevin Nelson, County Clerk Accounting Operations Manager; Kerry Eagan, Retired County Employee and Current Plan Participant; and Kerin Peterson, Facilities and Properties Director.

Other Participants: Julie Klassen, Director Relationship Management, Empower; Robb Craddock, Director, Investment Strategy, Empower; Frank Picarelli, Senior Vice President, Segal Marco; Cyril Tuason, Senior Client Services Manager, Empower

Absent: Sean Flowerday, County Commissioner

Derbin called the meeting to order at 2:31 p.m.

1. Roll Call

Derbin asked for a Roll Call. All were present except Flowerday and DeBoer.

2. Approval of Pension Review Committee Meeting Minutes for September 13, 2022

MOTION

Eagan moved and Synowicki seconded to approve the Pension Review Committee meeting minutes for September 13, 2022. Derbin, Eagan, Meyer, Nelson, Nigro, Peterson, and Synowicki voted yes. Gaines abstained. Flowerday and DeBoer were absent for the vote. The motion passed 7-1-0.

3. Fee Leveling: Plan Review

The Committee met on November 22, 2022, to review fund lineup changes indicated by the imminent change to a fee levelization model to fund Plan expenses. Specifically, because a fee levelization approach renders revenue sharing unnecessary to fund Plan expenses, the Committee reviewed a spreadsheet that identified funds in the Plan lineup with revenue-sharing components to determine opportunities to eliminate revenue-sharing from the fund lineup while continuing to offer a variety of investment options across asset classes.

Based on review of the spreadsheet with Empower and Segal Marco, it was discussed that the following funds simply could be retained in the Plan while removing their revenue sharing component:

1. T. Rowe Price US Large Cap Value Equity Fund (IS Platform)
 - a. Remove 10 bps in revenue sharing.

2. Large Cap Growth / JPMorgan
 - a. Remove 10 bps in revenue sharing.
3. Prudential Day One IncomeFlex Target Balanced Fund
 - a. Remove 25 bps in revenue sharing.
4. Prudential IncomeFlex Select Lifetime Balanced Fund(I)
 - a. Remove 25 bps in revenue sharing.
5. Prudential IncomeFlex Select Lifetime Balanced Fund(S)
 - a. Remove 25 bps in revenue sharing.
6. Prudential IncomeFlex Select Lifetime Conservative Growth Fund(I)
 - a. Remove 25 bps in revenue sharing.
7. Prudential IncomeFlex Select Lifetime Conservative Growth Fund(S)
 - a. Remove 25 bps in revenue sharing.
8. Core Plus Bond / PGIM Fund
 - a. Remove 3 bps in revenue sharing.

In addition, it was discussed that the following funds could be retained in the Plan while moving to non-revenue-sharing share classes:

9. American Funds EuroPacific Growth Fund Class R-5E
 - a. Move to R6 share class at 46 bps; or
 - b. If these changes are done 2/1/23 or later, move to the newly-launched Separate Account at 41 bps, further reducing fees.
10. Oakmark Equity And Income Fund Investor Class
 - a. Move to Institutional share class at 56 bps.

With respect to the following funds:

11. American Funds Fundamental Investors Class R-5E;
12. American Funds Capital World Growth and Income Fund Class R-5E; and
13. Vanguard 500 Index Fund Admiral Shares

Picarelli reminded the Group that American Funds Fundamental Investors Class R-5E (Large Cap Blend) has been on the watch list in the past. In addition, it has some international exposure, making it partially duplicative with other offerings in International asset classes. It was discussed that assets in this fund could be mapped to the index fund option in the Large Cap asset class, keeping assets in the same asset class while also streamlining the asset class offerings. Current assets in the American Funds Fundamental Investors fund (Large Cap Blend) are approximately \$5.4 million.

Picarelli explained that the American Funds Capital World Growth and Income Fund Class R-5E partially overlapped the American Funds EuroPacific Growth Fund Class R-5E (International Global), making it duplicative. This fund also has significant domestic exposure, making it less of a pure international offering. Given the fund's domestic and international exposure, it was discussed that the fund's assets could be mapped half to the index fund option in the Large Cap asset class and half to American Funds EuroPacific Growth Fund Class R-5E (International Growth), streamlining the International asset class

lineup. Current assets in the American Funds Capital World Growth (International Global asset class) are approximately \$4.3 million.

Craddock explained that, with the mapped assets from American Funds Fundamental Investors and American Funds Capital World Growth, plus the \$4.8 million in assets in the current index fund option in the Large Cap asset class, Vanguard 500 Index Fund Admiral Shares, the Plan will have more than \$12 million in the Large Cap index fund, far beyond the \$5 million minimum investment required for the 3.5 bps Vanguard Institutional Index (VINIX) index fund. Moving from Vanguard 500 Index Fund Admiral Shares to the VINIX fund will allow the Plan to reduce its cost by 0.5 bps for the Large Cap index fund offering.

Finally, it was discussed that:

14. BlackRock Advantage Small Cap Growth Fund Institutional Shares

did not offer a share class without revenue sharing. In order to attempt to maintain an investment option in the actively managed Small Cap Growth asset class, a search was conducted, and a report produced, by Segal Marco Advisors to identify a suitable replacement fund without revenue sharing.

Picarelli provided an overview of the search conducted by Segal Marco Advisors. The report identified three funds as potential replacements for the BlackRock Advantage Small Cap Growth Fund Institutional Shares fund:

- A. Brown Advisory Small-Cap Growth;
- B. Neuberger Berman Genesis; and
- C. PGIM Jennison Small Company.

Fund information reviewed by the Committee included the number of stocks held, expense ratios, price/earnings ratios, upside/downside capture, sector allocation, and returns. Craddock explained that Jennison Small Company, despite its name, drifts toward mid-cap, whereas we are looking for a fund in the small cap asset class. Picarelli noted, and Craddock concurred, that the Brown and Neuberger funds were both strong candidates to replace the BlackRock fund.

Although the Neuberger fund rated highest in Segal's report, Craddock noted that when Neuberger won, it won big, somewhat skewing the story of its historical performance. On the other hand, Brown outperformed Neuberger in 8 out of 10 calendar years. A review of the reported calendar year returns showed relatively steady performance for Brown, whereas Neuberger's performance was slightly more variable. The Committee discussed that the steady performance of Brown was more consistent with a retirement plan.

Finally, Craddock also noted that, whereas the report showed that Brown was priced at 96 bps, Empower offers a Separate Account for Brown priced at 76 bps, making its price competitive with Neuberger's price of 74 bps. Information on the Separate Account was provided to the Committee.

RECOMMENDATION

Based on the foregoing information and discussion the following recommendation hereby is tendered to the Lancaster County Board of County Commissioners:

1. T. Rowe Price US Large Cap Value Equity Fund (IS Platform)
 - a. Remove 10 bps in revenue sharing.
2. Large Cap Growth / JPMorgan
 - a. Remove 10 bps in revenue sharing.
3. Prudential Day One IncomeFlex Target Balanced Fund
 - a. Remove 25 bps in revenue sharing.
4. Prudential IncomeFlex Select Lifetime Balanced Fund(I)
 - a. Remove 25 bps in revenue sharing.
5. Prudential IncomeFlex Select Lifetime Balanced Fund(S)
 - a. Remove 25 bps in revenue sharing.
6. Prudential IncomeFlex Select Lifetime Conservative Growth Fund(I)
 - a. Remove 25 bps in revenue sharing.
7. Prudential IncomeFlex Select Lifetime Conservative Growth Fund(S)
 - a. Remove 25 bps in revenue sharing.
8. Core Plus Bond / PGIM Fund
 - a. Remove 3 bps in revenue sharing.
9. American Funds EuroPacific Growth Fund Class R-5E
 - a. Move to the newly-launched Separate Account at 41 bps.
10. Oakmark Equity And Income Fund Investor Class
 - a. Move to the Institutional share class at 56 bps.
11. American Funds Fundamental Investors Class R-5E;
 - a. Map to Vanguard Institutional Index (VINIX) fund.
12. American Funds Capital World Growth and Income Fund Class R-5E;
 - a. Map 50% to VINIX and 50% to American Funds EuroPacific Growth Fund Class R-5E.
13. Vanguard 500 Index Fund Admiral Shares
 - a. Map to VINIX.
14. BlackRock Advantage Small Cap Growth Fund Institutional Shares
 - a. Replace with Brown Advisory Small-Cap Growth Separate Account.

MOTION

Nigro moved and Eagan seconded approval of the above recommendations (1-14.) The motion passed 9-0.

Discussion ensued amongst the group regarding Brown Advisory Small-Cap Growth and Neuberger Berman Genesis to replace BlackRock.

MOTION

Nelson moved and Gaines seconded the motion to replace BlackRock with Brown Advisory Small-Cap Growth. The motion passed 9-0.

4. Adjournment

MOTION

Eagan made a motion to adjourn the Pension Review Committee Meeting at 3:15 p.m., Meyer seconded. Derbin, Eagan, DeBoer, Meyer, Nelson, Nigro, Peterson, and Synowicki voted yes. The motion passed 9-0.

Exhibit A:



Small Cap Growth I Fund (managed by Brown Advisory)

A Manager of Managers Institutional Sub-Advised Separate Account

Third Quarter 2022 Fund Fact Sheet

Key Facts

Investment Advisor	Brown Advisory
Asset Class	Small Cap - Growth
Primary Index	Russell 2000 Growth Index
Net Assets	\$48.6 Million
Inception Date	11/21/2008
Net Expense Ratio	0.757%
Morningstar Category	Small Growth
Morningstar Overall Rating™	★★★
Overall # of Funds in Morningstar Category	582
Portfolio Manager(s)	Christopher A. Berrier
Due Diligence Quartile Rank	2

DUE DILIGENCE QUARTILE RATING The Due Diligence Advisor ProgramSM employs a disciplined process to identify, evaluate, and monitor investment offerings that are highly competitive and that meet the varied investment requirements of the retirement plan sponsors and their employees, as well as the requirements of outside retirement plan consultants that may be involved with the plan. The "Due Diligence Quartile Rank" provides an overall rank for each manager within the relevant style universe (e.g., Large Cap Stock - Growth). Each fund covered by the Program is assessed on the basis of nominal and risk adjusted returns, and downside and relative risk (versus an appropriate benchmark). For funds that have been in existence for more than five years, only actual performance will be used in the evaluation process. For funds in existence less than five years, the fund manager's composite performance is included in the evaluation. Composite performance is not actual performance and not reflective of any specific investment but is comprised of accounts that are managed in a substantially similar strategy as this separate account. These metrics are weighted based on 1-, 3- and 5-year results, with greatest emphasis placed on long term timeframes. The resulting criteria are then used to generate an overall rating that determines a quartile distribution for the Fund within its peer group on a quarterly basis. **The Due Diligence Quartile Rank** shown is based on the latest available Due Diligence Analysis as of 6/30/2022 and assumes no contract charges are imposed. This Fund was rated against 177 funds in the Lipper Small Cap Growth Funds universe.

Overall Morningstar Rating as of quarter ending 9/30/2022. The Morningstar Rating shown is for this expense ratio and assumes no contract charges are imposed. Other expense ratios may have different performance characteristics. ©2022 Morningstar, Inc. All Rights Reserved. Additional Morningstar information is available in this factsheet.

Description / Objective

The Separate Account (the "Fund") is sub-advised by Brown Advisory, LLC according to its U.S. Small-Cap Growth strategy. The investment philosophy is grounded on the belief that attractive risk-adjusted returns over time are achievable to those willing to think and act differently than the market and one's peers. Brown Advisory, LLC strives to do so by exploiting market inefficiencies in the small-capitalization universe through a concentrated portfolio of diversified, high-quality business models with above-average growth, sound management and favorable competitive positioning.

There is no assurance the objectives will be met.

Small and mid-sized companies may present greater opportunities for capital appreciation, but may also involve greater risks than larger companies. As a result, the value of stocks issued by these companies may fluctuate more than stocks of larger issuers.

Top Five Holdings	As of 09/30/2022	Top Five Sectors	As of 09/30/2022
GENPACT LTD	4.03%	Health Care	26.60%
EVO PAYMENTS INC CLASS A	3.28%	Information Technology	22.09%
WASTE CONNECTIONS INC	2.97%	Industrials	15.14%
PROSPERITY BANCSHARES INC	2.90%	Consumer Discretionary	12.74%
CASEYS GENERAL STORES INC	2.84%	Other	5.81%

Holdings and Sector allocations are ranked as a percentage of net assets and subject to change without notice.

Portfolio Allocation	As of 09/30/2022	Characteristics	As of 09/30/2022
<ul style="list-style-type: none"> US Equity 80.91% International Equity 14.28% Cash 4.81% 		Weighted Median Market Cap (\$Bil)	Fund 4.51 Index 2.58
		Price/Earnings Ratio (Forward)	21.10x 12.64x
		Price/Book Ratio	3.30x 3.45x
		3-5 Year EPS Growth (%)	16.79 18.31
		Number of Holdings - Long	79 1120

Performance (%)

	Cumulative Returns		Average Annual Total Returns				Since Inception
	QTD	YTD	1 Year	3 Year	5 Year	10 Year	
Fund	-1.64	-24.72	-23.74	5.69	7.56	7.78	--
Primary Index	0.24	-29.28	-29.27	2.94	3.60	8.81	
Morningstar Rating™				★★★	★★★★	★★	
# of Funds in Category				582	535	401	

Effective 7/29/2016, Brown Advisory replaced Columbus Circle as manager for the Fund. Performance from 11/24/2008 through 7/29/2016 is that of Columbus Circle. As a result of the manager replacement, the Fund's name changed to Small Cap Growth I Fund (managed by Brown Advisory).

Fund Fees Reflected in Performance. The Separate Account was established 11/21/2008. Currently all performance results are net of the highest management fee for this Fund of 0.75%. Actual Fund performance is also net of other Fund operating expenses of 0.007% for the prior calendar year. Such Fund operating expenses may reflect the benefit of a commission recapture program. Fee waivers of 0% are in place for this Fund. Actual performance shown reflects the imposition of the foregoing expenses and the benefit of any fee waivers and commission recaptures.

Performance Risks. Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of this Fund and other plan investment options. The performance quoted represents past performance. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month end, please call 1-877-778-2100. Actual performance may be affected by the manager not being able to invest directly in a country prior to satisfaction of that country's legal requirements. It is possible to lose money investing in securities. Past performance is not indicative of future performance and short periods of performance may be particularly unrepresentative of long-term performance.

Guidelines / Approach / Advantage

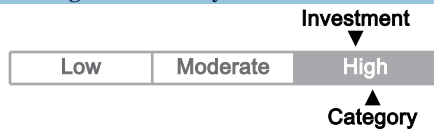
ADVANTAGE

Small Cap Growth I Fund (managed by Brown Advisory)

A Manager of Managers Institutional Sub-Advised Separate Account

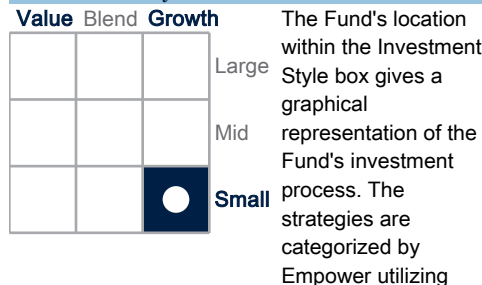
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Morningstar Volatility Rank As of 09/30/2022



In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.

Investment Style Box As of 09/30/2022



holdings-based and returns-based analysis as well as manager interviews regarding investment process.

- The vertical axis represents the Fund's market capitalization relative to appropriate style benchmark indices.
- The horizontal axis represents the Fund's investment style expressed on a value-to-growth scale, relative to appropriate style benchmark indices.

Annual Performance

	Fund	Primary Index
2021	8.28%	2.83%
2020	34.23%	34.63%
2019	35.13%	28.48%
2018	-4.13%	-9.31%
2017	18.28%	22.17%

For more information, go to www.prudential.com. All Plan Sponsors (or authorized representatives of Plan Sponsors) participating in the commingled accounts are generally provided with uniform written reports regarding these products. To the extent a Plan Sponsor requests additional information or perspective from the portfolio manager, we will make such information available to any Plan Sponsor who makes a similar request.

The strategy looks for inefficiencies within the small-cap market stemming from a lack of analyst coverage or relative interest, with the goal of identifying growing companies that fit Brown Advisory's 3G model: durable growth, sound governance, and a scalable go-to-market strategy. Through fundamental research, Brown Advisory attempts to uncover capital efficient, high margin enterprises that are market leaders through differentiated products, and managed by a capable, shareholder-friendly team.

APPROACH

Brown Advisory strives to build an all-weather portfolio that delivers durable and attractive net-of-fee performance. Small-cap equities are generally considered a relatively higher risk area of the market. With a breadth of opportunities available to a dedicated team of professional investors, Brown Advisory believes small-cap growth stocks do not necessarily equate to higher risk long-term risk, but may often correspond to higher beta - a poor proxy for risk - in the short term.

GUIDELINES

The Manager may invest in common stocks, ADRs, REITs, Exchange Traded Funds (ETFs), Registered Limited Partnerships and cash equivalents subject to the following maximums:

- > REITS limited to 10% of the Fund's market value
 - > Up to 5% may be invested in liquid Registered Limited Partnerships
 - > Purchase of the securities of companies domiciled in countries in the form of ADRs, up to 20% of the Fund's value
 - > The Separate Account is typically fully invested, with cash or cash equivalents not to exceed 7.5% of the Fund's value
 - > Exchange Traded Funds are allowed to temporarily equitize cash. Diversification and Liquidity Requirements
 - > Number of holdings ranges from 50 - 80 stocks
 - > The Separate Account can allocate up to 10% in securities of a single issuer, at time of purchase
 - > GIC Sector weights will not exceed an absolute 40% maximum at time of purchase. However, individual GIC sectors comprising less than 10% of the Russell 2000 Growth Index will not exceed an absolute maximum 20% in the portfolio, also at time of purchase
 - > The Separate Account will maintain a weighted-average market cap between \$1 billion and \$5.5 billion, but no more than 20% can be allocated to stocks with a market cap greater than \$6 billion, at time of purchase
 - > A minimum market cap of \$50 million applies to all securities purchased
 - > The Fund will not purchase more than 10% of the outstanding shares of any one company.
- Prohibited Transactions or Investments:
- > Securities of Prudential Financial, Inc., or any of its subsidiaries or affiliates
 - > Tax-exempt securities
 - > Local shares of foreign companies and fixed income securities

Morningstar Rating™ (Group Annuity- Variable Annuity Subaccounts) The Morningstar Rating™ is provided for those group variable annuities with at least a three-year history. Ratings are based on the group variable annuity's Morningstar Risk-Adjusted Return measure which accounts for variation in monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Morningstar compares each group variable annuity's risk-adjusted return to the open-end mutual fund rating breakpoints for that category. The group variable annuity Morningstar Rating does not affect the retail mutual fund data published by Morningstar. Consistent with the open-end mutual fund ratings, the top 10% of group variable annuities in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for each group variable annuity is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past performance is no guarantee of future results.

Possibility of Contract Charges. Your retirement plan may have agreed to contract charges. If so, these would reduce the performance (and possibly the Morningstar ratings) shown above. Any contract charges are included in the expense ratio shown in your statement and in the performance shown in your statement. The Fund fees and contract charges compensate us for the distribution and servicing associated with your plan. Other plan investment options may generate more or less revenue for us than the fees associated with this Fund. If the aggregate revenue from your plan exceeds our associated costs, we earn a profit. Otherwise, we incur a loss. Other plans investing in the Fund may have lower fees, but these are not available to your plan in order to compensate us for distribution and plan servicing.

The Separate Account. Your retirement plan purchases units of a Separate Account established and made available as an investment option under group variable annuity contracts issued by Prudential Retirement Insurance and Annuity Company ("PRIAC"), Hartford CT. The Separate Account holds the investment securities, and associated voting rights belong to the Separate Account. For tax purposes, PRIAC owns the assets in the Separate Account and receives any dividends-received deduction. As defined by ERISA Section 3(38), PRIAC is the "investment

manager" of the Separate Account. Pursuant to CFTC Rule 4.5, PRIAC has claimed an exclusion from registration as a commodity pool operator with respect to the Fund. The investment guidelines for this Separate Account prohibit leverage.

For federal tax purposes, PRIAC/PICA owns the assets and the income in the separate account and may derive certain corporate income tax benefits associated with the investment of separate account assets. Under current tax law, such benefits may include but not be limited to foreign tax credits and the corporate dividends received deduction, which in either case PRIAC/PICA is the only taxpayer eligible to claim such tax benefits. **Note:** Great West Life & Annuity Insurance Company and Great West Life & Annuity Insurance Company of New York (affiliates of PRIAC) reinsure certain PICA separate accounts, as such, receive the economic benefits pertaining to these PICA accounts.

PRIAC Manager-of-Managers Institutional Sub-Advised Separate Accounts - With respect to separate accounts designated by Prudential as Institutional Sub-Advised Funds under the Manager-of-Managers Program, PRIAC acknowledges it is a fiduciary as defined by ERISA Section 3(38), as amended, for the selection, monitoring, and, if necessary, the replacement of the investment manager. Selection or termination of the fund on a retirement plan's investment line-up is the sole responsibility of each retirement plan's fiduciary.

Miscellaneous. Frequent exchanging of investment options may harm long-term investors. Policies may be in effect at the plan or the investment level to detect and deter exchanges that may be abusive. Such policies may require us to modify, restrict, suspend or terminate purchase or exchange privileges and impose redemption fees. Indices are unmanaged and cannot be invested in directly. See User Guide for index definitions and refer to the section entitled "Description of PRIAC Separate Accounts" for a description of PRIAC's role related to the type of fund described in this Fact Sheet. The index shown, if applicable, in the Characteristics chart refers to the Primary Index.

Data presented is as of the period specified for this report, unless otherwise specified within a table heading. Data and expense ratios presented are the most current made available at the time of production. For mutual funds, the fund company may have more recent data available on its website. Price corrections that impact performance data may occur after production of this material.

3-5 Year EPS Growth (%) Calculated by taking the mean of each security's estimated earnings per share (EPS) long term growth rate. The EPS long term growth rate for each security is determined by taking the mean of all of the brokers estimates for EPS long term growth per security.

Net Assets Balance data presented is the most current data available at the time of receipt, however some information may be presented on a lag. The data is deemed reliable but the accuracy cannot be guaranteed. All balances are unaudited.

Net Expense Ratio The Total Net Expense Ratio represents fee charged against fund assets after adjustment for fee waivers if applicable. The Net Expense Ratio will equal the Gross Expense Ratio when no fee waivers are in place. Expense data is typically quoted with two decimal places; however, three decimal places will be displayed when values are available.

Portfolio Allocation The pie chart illustrates how investment holdings breakdown into primary investment types.

Portfolio Manager The name of the person(s) who determines which stocks, bonds and cash equivalents belong in the investment portfolio.

Price/Book Ratio Calculated as a weighted average of the price/book ratios of all stocks in the portfolio. This ratio is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. A lower P/B ratio could mean that the stock is undervalued. However, it could also mean that something is fundamentally wrong with the company. As with most ratios, be aware that this varies by industry.

Price/Earnings Ratio (Forward) The price of a stock divided by next year's earnings per share estimate. P/E multiples enable investors to compare the relative value of stocks within a portfolio; they show how much an investor must pay for a company's earning power. A lower portfolio P/E ratio indicates that the stocks in a portfolio are not highly-valued relative to the market. Growth-oriented investments tend to have higher P/E ratios than value-oriented investments as investors expect higher earnings growth from the underlying companies and are therefore willing to pay a premium price.

Weighted Median Market Cap (\$Bil) Calculated by ranking all stocks in a portfolio in ascending order based on total market capitalization. Using the stock's weight in a portfolio, the weighted median value is the value belonging to the company straddling the 50% barrier.

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