

Position Specification

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS Executive Director/Chief Investment Officer



Montgomery County Employee Retirement Plans (Retirement Plans), located in Rockville, MD, is searching for an experienced investment executive to lead the County's retirement investment programs with assets of nearly \$10 billion.

Background Information/Overview

The following Retirement Plans are offered to County employees, as well as participating agencies, and provide retirement, disability, and death benefits to eligible participants.

- **Employees' Retirement System** (ERS or Defined Benefit Plan) is a cost-sharing, multiple-employer defined benefit pension plan established in 1965. It is closed to employees hired after October 1, 1994, except public safety bargaining unit employees.
- **Guaranteed Retirement Income Plan** (GRIP or Cash Balance Plan) is a cash balance plan established in 2009 that is part of the ERS.
- **Retirement Savings Plan** (RSP or Defined Contribution Plan) is a cost-sharing multiple-employer defined contribution plan established in 1994 providing benefits to all non-public safety and certain public safety employees hired after October 1, 1994. Participants choose from a slate of mutual and commingled funds.
- **Deferred Compensation Plan** (DCP or Deferred Compensation Plan) is a section 457 plan. Participants choose from a slate of mutual and commingled funds.
- **Deferred Retirement Options Plans** (DROP or Deferred Retirement Option Plans) were established in 1999 allowing employees who are members of a specified membership group or bargaining unit who meet eligibility requirements to elect to retire but continue to work for a specified time period, during which pension payments are deferred.

The Executive Director/Chief Investment Officer (ED/CIO) oversees the investment programs for the above retirement plans as well as the investment program for the Consolidated Retiree Health Benefits Trust (Health Benefits Trust).

Retirement Plans Overview January 1, 2025

Retirement Plan	Net Position \$	Total Members (Active + Retired)
ERS – Defined Benefit Plan	4.9B	13,653
GRIP – Cash Balance Plan	1.8B	17,862
RSP – Defined Contribution Plan	793M	4,559
DCP – Deferred Compensation Plan	660M	3,554

The ED/CIO reports to and is appointed by the County's Chief Administrative Officer (CAO). The Montgomery County Board of Investment Trustees (MCBIT or Retirement Board) has the fiduciary responsibility over the Retirement Plans assets and oversight of the investment program. The Retirement Board comprises 13 trustees appointed by the County Executive and confirmed by the County Council.

The Health Benefits Trust, \$1.8 billion in net assets at June 30, 2024, was established in 2008 to provide funding for health benefits for retirees and their dependents. The Consolidated Retiree Health Benefits Trust Board (CRHBT or Health Benefits Trust Board) has the fiduciary responsibility over the trust assets and oversight of the investment program. The plan covers retirees from the Montgomery County Government, Montgomery County Public Schools, and Montgomery College. The Health Benefits Trust Board consists of 19 members appointed by the County Executive and confirmed by the County Council. All members of the Retirement Board are also members of the Health Benefits Trust Board.

The ED/CIO regularly presents to the two Boards, which provide strategic direction and guidance on investment related matters. Both Boards have delegated authority to the ED/CIO to hire and terminate investment managers. More information on the investment programs can be found in the FY2024 Annual Comprehensive Financial Report [FY2024 ACFR.pdf](#).

Financial Highlights

Assets under management in the combined trusts total nearly \$10 billion. At June 30, 2024, the ERS Defined Benefit Plan is financially and actuarially sound with an actuarial funded ratio of 96.3% and CRHBT's funding ratio is 57.68%. The actuarial assumed rate of return for ERS and CRHBT is 7.5%.

The Retirement Plans and Health Benefit Trust investment budgets are approved by the CAO and the respective Boards each year. For FY2024, the Retirement Plans administrative expenses totaled \$1.8 million and investment expenses totaled \$23.8 million. The Health Benefits Trust's administrative expenses totaled \$650,000 and investment expenses were \$6.9 million.

Investment Highlights

The primary objective of the investment of these public funds is the adequate funding of benefits at a reasonable and affordable cost. The investment policy seeks to control downside risk exposure while maximizing the potential long-term asset value appreciation.

The Boards overseeing the trust funds approve the asset allocation and investment policies and oversee performance. NEPC, the general investment consultant; Franklin Park, the private equity consultant; and Albourne, the private real assets consultant, work for the Boards and with the ED/CIO and investment staff. Northern Trust Company is the custodian.

The Retirement Plans Board continues to implement changes to the ERS investment portfolio to improve risk-adjusted returns. During the past year, new investments were added across the portfolio including enhancements to the private equity, private credit, and private real assets portfolios.

For FY2024, the ERS Defined Benefit Plan earned a return 9.2% (gross of fees) outperforming its policy benchmark of 7.2% and ranking in the third quartile of public pension plans with over \$1 billion in assets. The same study ranked the 3-Year return of 3.3% and the 5-Year return of 7.8% in the second quartile of the universe. The 10-Year and 15-Year returns of 7.3% and 9.4%, respectively, ranked in the top quartile among other public pension plans.

The CRHBT's rate of return (gross of fees) for FY2024 was 10.53% outperforming its policy benchmark of 8.50%. Investment returns for the past five years are provided below.

Health Benefits Trust Investment Returns

	2024	2023	2022	2021	2020
Return (Gross)	10.53%	4.57%	-7.55%	26.67%	5.12%
Policy Benchmark	8.50%	4.40%	-7.40%	22.00%	6.10%

The Boards continue to build upon the previous strong record of incorporating ESG considerations into the investment program. The Boards also continue to engage with investment managers on DEI considerations within their organizations.

ED/CIO Responsibilities

The ED/CIO, leading a team of nine, is responsible and accountable for overseeing the County's retirement investment programs. Additionally, the CAO may delegate authority on other matters, as outlined in Section 33-47 of the County Code. Key responsibilities include:

- Ensure that the Boards' investment policies are implemented efficiently and effectively to accomplish the investment objectives.
- Ensure that policies and procedures provide adequate controls to safeguard assets.
- Present to the Boards on the strategic direction of the investment programs, coordinate activities with investment consultants, and create strong lines of communication between all parties involved in the investment programs.
- Ensure the County's ESG and DEI policies are considered in the investment decision-making process consistent with the Plans fiduciary duty to participants and beneficiaries.
- Monitor and evaluate investment managers to ensure that assets are managed in accordance with established policies, performance expectations, and contractual obligations, and resolve any issues, as needed.
- Work with the investment consultant on investment matters, such as development of the asset allocation and implementation strategies, manager due diligence, development of investment policy recommendations, etc.
- Negotiate contracts with general partners, investment managers, and service providers, and coordinate the legal review with counsel.
- Oversee day-to-day activities of the investment office and develop and monitor the budget to ensure adequate internal and external resources are in place to execute on the investment plans.
- Maintain effective and positive relationships with the CAO's Office, the Boards, investment managers, consultants, custodians, County departments, and other stakeholders.

Qualifications and Experience

The ED/CIO must be an accomplished investor with broad asset class knowledge and a strong track record of achieving the best risk adjusted returns. An investment leader with an in-depth understanding of global economics and capital markets, investment strategies and vehicles, the principles and practices of institutional investing, investment operations, and investment policy development is desired.

Requirements

- Bachelor's degree in finance, accounting, economics, or other related fields; an equivalent combination of education and experience may be substituted.
- Minimum seven years of relevant institutional investment experience.
- Minimum of three years of supervisory experience.
- Experience managing a diverse workforce and effectively coaching/mentoring employees.

Preferences

- Advanced degree.
- CFA or CAIA.
- Experience negotiating complex investment manager contracts.
- Knowledge of or experience in private market asset classes.
- Understanding of ESG and DEI factors within an institutional investment program.
- Experience managing endowment, trust funds, or retirement plan assets.
- Understanding of defined benefits and defined contribution plans.

Leadership Competencies

The ED/CIO must be a leader who embraces public service and has the interpersonal skills to engage and build positive relationships with key constituents and stakeholders. The following are the Required Performance Competencies for Success.

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| 1. Balanced Risk Taking/Innovation | 9. Organizational Commitment |
| 2. Change Management | 10. Organizational Systems Awareness |
| 3. Communication and Persuasion Skills | 11. Performance Management |
| 4. Customer Service Orientation | 12. Personal Accountability |
| 5. Developing, Empowering, and Supporting Employees | 13. Planning and Organizing |
| 6. Equal Employment Opportunity | 14. Problem Solving |
| 7. High Standards of Excellence and Efficiency / Ensures High Values for Tax Dollars | 15. Safe Work Environment |
| 8. Interpersonal Awareness | 16. Teamwork, Cooperation and Collaboration |
| | 17. Technical Expertise |

In addition to being approachable and a good listener, other important skills and attributes include having the:

- Confidence to put forward ideas and recommendations, and willing to adjust them based on input from others.
- Interpersonal skills to build consensus and effectively negotiate compromise.

- Poise and presence to expertly represent the County.
- Ability to articulate complex, financial and investment information in a clear and simple manner.

Compensation

The ED/CIO participates in the County's Management Leadership Service (MLS) program, which is for executives occupying certain high-level merit positions. Major components of the program include a broadband classification system, performance accountability with performance-based pay, professional development opportunities, and a County-wide focus on program and policy development. Employees entering this program from outside the County government must serve a 12-month probationary period before attaining merit system status.

Montgomery County offers a comprehensive Total Rewards package that is designed to attract highly-qualified applicants. The base salary range for this position is \$200,000 to \$223,880. The position is eligible for annual cost-of-living adjustments as well as annual pay-for-performance bonuses of up to 25 percent of their base salary.

Employees may elect to participate in either the 401(a) Defined Contribution Plan or the cash balance defined benefit plan. In addition, the employee will be auto-enrolled in the 457 Plan with the option to elect out of the plan.

The County offers an outstanding benefits package, which includes 35 days of PTO each year, three personal days, and 10 paid holidays. Leave policies adhere to the Family Medical Leave Act, and the County provides six weeks of paid parental leave to new parents. Employees can participate in health insurance plans, flexible spending accounts, and an award-winning wellness program. County employees are eligible to participate in the Federal Public Service Loan Forgiveness Program. To learn more about the benefits visit <https://www.montgomerycountymd.gov/hr/recruitment/benefits.html>

Relocation/Telework Policy

The ED/CIO position is not a remote position. The office is in Rockville, MD, and the ED/CIO is required to reside in the general area or within a reasonable commuting distance of the office. Relocation assistance is available for those relocating.

The County's Telework Policy requires that senior managers (e.g., the ED/CIO) be present in the office as needed to ensure employee engagement, collaboration, learning and growth, and address various tasks, issues, hearings, and meetings. In general, senior managers are expected to be in the office for a minimum of three days a week. For additional information, visit https://www.montgomerycountymd.gov/HR/Resources/Files/Telework/Telework_Policy.pdf

For additional information or to apply, please contact Hudepohl & Associates, info@hudepohl.com or (614) 854-7300.