



EMPLOYEES' RETIREMENT SYSTEM
The Maryland-National Capital Park and Planning Commission

**REGULAR BOARD OF TRUSTEES MEETING
MINUTES**

**Tuesday, March 3, 2020; 10:00 a.m.
ERS/Merit Board Conference Room**

The Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees ("Board") met in the ERS/Merit Board Conference Room at its office in Riverdale, Maryland on Tuesday, March 3, 2020 and was called to order at 10:00 a.m. by CHAIRMAN HEWLETT.

Board Members Present In-Person

Elizabeth M. Hewlett, Board of Trustees Chairman, Prince George's County Commissioner
Gerald R. Cichy, Board of Trustees Vice Chairman, Montgomery County Commissioner
Howard Brown, FOP Represented Trustee
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio
Melissa D. Ford, Prince George's County Open Trustee
Pamela F. Gogol, Montgomery County Public Member
Amy Millar, MCGEO Represented Trustee
Sheila Morgan-Johnson, Prince George's County Public Member
Elaine A. Stookey, Bi-County Open Trustee
Joseph C. Zimmerman, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

Board Members Not Present

Vacant, Montgomery County Open Trustee

ERS Staff Present

Andrea L. Rose, Administrator
Heather D. Van Wagner, Senior Administrative Specialist
Sheila S. Joynes, ERS Accounting Manager
Charles Curtis, Accountant

Presentations

Wilshire Associates - Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst

ITEM 1 APPROVAL OF THE MARCH 3, 2020 CONSENT AGENDA

- A. Approval of the March 3, 2020 Board of Trustees Meeting Agenda
- B. Minutes of Open Session, February 4, 2020
- C. Minutes of Administrative Functions Meeting, February 4, 2020 (**Confidential**) **TRUSTEES ONLY**
- D. Disbursements Granted Report – January 2020

Andrea Rose noted Item 6 should be labeled Committee Reports and Closed Session Item 7.E. should be labeled as 7.C.

ACTION: MS. GOGOL made a motion, seconded by MS. MILLAR to approve the Consent Agenda, as amended. The motion PASSED unanimously (10-0). (Motion #20-09)

ITEM 2 CHAIRMAN'S ITEMS

- A. Board of Trustees Conference Summary
- B. Acknowledge the Appointment of Caroline McCarthy as the Montgomery County Open Trustee for the Remainder of the Term Ending June 30, 2021

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to acknowledge the Appointment of Caroline McCarthy as the Montgomery County Open Trustee for the Remainder of the Term Ending June 30, 2021. The motion PASSED unanimously (10-0). (Motion #20-10)

ITEM 3 MISCELLANEOUS

No miscellaneous reported.

ITEM 4 REPORT OF ADMINISTRATOR

Andrea Rose presented the Administrator's Report dated February 21, 2020. Ms. Rose requested Board approval for a 1.8% Cost-of-Living Adjustment (COLA) for retirees and beneficiaries effective July 1, 2020. In accordance with the Provisions of the Employees' Retirement System, the COLA was calculated using data from the Consumer Price Index for All Urban Consumers (CPI U) at December 2019. All retirees and beneficiaries receiving annuities for at least six months are eligible for the COLA.

ACTION: MS. CHIANG-SMITH made a motion, seconded by MR. BROWN to approve a 1.8% Cost-of-Living Adjustment Effective July 1, 2020 for Eligible Retirees and Beneficiaries in Accordance with the Provisions of the Employees' Retirement System. The motion PASSED unanimously (10-0). (Motion #20-11)

ITEM 5 MANAGER REPORTS/PRESENTATIONS

Wilshire Associates

Presentations by Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst

The ERS' total fund return was 4.31% (net of fees) for the quarter, underperforming the target policy index return of 4.70%. For the one, three, five, and ten-years ended December 31, 2019 the total fund return was 16.20%, 9.66%, 7.17%, and 8.24%, respectively, compared to the target policy return of 17.68%, 9.09%, 6.76%, and 7.70%, respectively. The total market value through December 31, 2019 was \$1.01 billion.

Wilshire's Peer Group Analysis charts the ERS' total fund risk and return against all public pension plans. For the three-years ending December 31, 2019, the total fund (gross of fees) returned 9.88% with a standard deviation (risk) of 5.18% versus the median return of all public pension plans of 9.37% and the median standard deviation (risk) of all public pension plans of 6.71%. Mr. Baker noted the fund is conservative but gets a lot of return for the amount of risk the Board is taking. MS. MORGAN-JOHNSON asked Wilshire to provide charts that compare the fund against the ERS' peer groups of \$1-5 billion in assets. MR. ZIMMERMAN added the peer groups should be similar to the ERS (i.e. over 85% funded) and page 38 of the Executive Summary should show the long-term, as well as, the short-term, so the Board can stay focused primarily on the long-term.

William C. Dickerson, M-NCPPC Legal Counsel arrived at 10:35 a.m.

Wilshire was asked to analyze the potential rebalancing of assets to Small Cap Value given the extreme valuations in the asset class. After reviewing Wilshire's Small Cap Value Rebalance Analysis, the Board agreed with Wilshire's recommendation to stay the current course and not rebalance additional funds to small cap value.

Mr. Baker reported on the departure of Wilshire Consulting's President, Andrew Junkin.

ITEM 6 COMMITTEE REPORTS/RECOMMENDATIONS

Investment Monitoring Group (IMG) – Report of February 18, 2020 Meeting

Chicago Equity Partners presented performance for the Chicago Equity Partners Small Cap Value Equity portfolio. Chicago has underperformed since inception. MS. MORGAN-JOHNSON asked about a performance-based fee. Chicago offered a 25% discount on fees for one-year. MS. MORGAN-JOHNSON said the discount would be accepted for two-years. Chicago agreed. The IMG recommended Chicago Equity Partners be put on the Watch List and monitored closely to see if performance turns around within the next 6 months and by the end of 2020. The Board agreed.

ITEM 7

CLOSED SESSION

At 11:46 a.m. CHAIRMAN HEWLETT requested a motion to go into Closed Session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(1) to discuss the performance evaluation and compensation of appointees, employees, or officials over whom this public body has jurisdiction; and, Section 3-305(b)(7) to consult with counsel to obtain legal advice on legal matters.

ACTION: MS. GOGOL made a motion, seconded by VICE CHAIRMAN CICHY to go into Closed Session. The motion PASSED unanimously (9-0). MR. ZIMMERMAN was out of the room. (Motion #20-12)

During Closed Session, the following action was taken:

1. The Board approved the Prudential Trust Company Collective Trust Adoption Agreement.
2. The Board approved the revised Schedule B Fee Schedule, Amendment to the Investment Management Agreement dated June 4, 2015 with Chicago Equity Partners, LLC.
3. The Board reviewed the Administrator's 2019 Performance Evaluation.

The Board moved back into Open Session at 12:16 p.m.

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. FORD to ratify the actions taken in Closed Session. The motion PASSED unanimously (10-0). (Motion #20-16)

The Board meeting of March 3, 2020 adjourned at 12:17 p.m.

Respectfully,

Heather D. Van Wagner

Heather D. Van Wagner
Senior Administrative Specialist

Andrea L. Rose

Andrea L. Rose
Administrator