



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

**BOARD OF TRUSTEES MEETING  
MINUTES  
Tuesday, June 2, 2020; 10:00 a.m.  
via Microsoft Teams**

Due to COVID-19, the Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees ("Board") met virtually through Microsoft Teams with CHAIRMAN HEWLETT leading the call from the County Administration Building in Upper Marlboro, Maryland on Tuesday, June 2, 2020. The meeting was called to order at 10:00 a.m. by CHAIRMAN HEWLETT.

**Board Members Present**

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  
Caroline McCarthy, Montgomery County Open Trustee  
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

joined at 10:05 a.m.

**ERS Staff Present**

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

**Presentations**

Wilshire Associates - Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst  
Cherion - Janet H. Cranna, FSA, FCA, EA, MAAA, Principal Consulting Actuary  
and Patrick Nelson, FSA, CERA, MAAA, EA, Associate Actuary  
M-NCPPC Legal Department – William C. Dickerson, Principal Counsel

**ITEM 1 APPROVAL OF THE JUNE 2, 2020 CONSENT AGENDA**

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. CHIANG-SMITH to approve the Consent Agenda, including the Revised Agenda to add Item 3. The motion PASSED unanimously (10-0). (Motion #20-38)

**ITEM 2 CHAIRMAN'S ITEMS**  
No items reported.

MS. MILLAR joined the meeting at 10:05 a.m.

**ITEM 3 MISCELLANEOUS**  
Acknowledge Elaine A. Stookey as the Bi-County Open Trustee for the Term Ending June 30, 2023

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to acknowledge Elaine A. Stookey as the Bi-County Open Trustee for the term ending June 30, 2023. The motion PASSED unanimously (11-0). (Motion #20-39)

#### **ITEM 4           MANAGER PRESENTATIONS**

##### **Cheiron**

Presentations by Janet H. Cranna, FSA, FCA, EA, MAAA, Principal Consulting Actuary and Patrick Nelson, FSA, CERA, MAAA, EA, Associate Actuary

Janet Cranna and Patrick Nelson presented the Annual Economic Assumption Review which included the July 1, 2019 actuarial valuation results with projections to July 1, 2020 as a baseline.

Beginning in 2013, the Board has annually reviewed the investment return assumption prior to each actuarial valuation. The Board has gradually reduced the investment return assumption from 7.5% in 2013 to 6.85% effective July 1, 2019.

Mr. Nelson pointed out the investment return assumption is the single most powerful assumption discussed factors to consider in selecting the investment return assumption, such as industry trends, historical experience, expectations for the future, and the plan's tolerance for risk.

Following discussion of a reduction in the investment return assumption from 6.85% to 6.80%, including the probability of achieving a 6.85% return versus staying at 6.80% and reviewing Cheiron's projected outlook for each assumption, the Board agreed to reduce the investment return assumption to 6.80%.

**ACTION:** MR. ZIMMERMAN made a motion, seconded by MS. MORGAN-JOHNSON to reduce the investment return assumption from 6.85% to 6.80% effective with the July 1, 2020 actuarial valuation. The motion PASSED unanimously (11-0). (Motion #20-40)

##### **Wilshire Associates**

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

Bradley Baker presented Wilshire's Actuarial Interest Rate Assumption Report which can be used to support the investment return assumption decision. Based on Wilshire's 1Q2020 asset class assumptions, the 10- and 30-year expected returns are 7.49% and 8.28%, respectively, with expected risk of 10.65%.

The Board was provided with a Quarterly Investment Summary for the quarter ending March 31, 2020 and Mr. Baker reported on the fund's performance. The ERS' total fund return was -10.11% (net of fees) for the quarter, outperforming the target policy index return of -12.96%. For the FYTD, three, five, and ten-years ended March 31, 2020 the ERS fund return was -5.30%, 4.19%, 4.59%, and 6.70%, respectively, compared to the target policy return of -8.07%, 2.73%, 3.46%, and 5.84%, respectively. The total market value through March 31, 2020 was \$888.3 million.

The ERS employed Northern Trust to assist with the transition to combine Chicago Equity Partner's small cap value mandate and Northern Trust's small cap growth mandate into one passive index fund, the Northern Trust Collective Russell 2000 Index Fund. Mr. Baker said the transition was successful and reported on the Post Trade Summary provided by Northern Trust.

While timing for participation in TALF did not work out for the Board, Mr. Baker provided a high-level Opportunistic Fixed Income review to detail the many opportunities across several segments of the market, including specialized direct lending, opportunistic and distressed debt/special situations. Given the pandemic and continued write-downs, Mr. Baker believes it would be prudent for the Board to review

the opportunities, at a minimum. Ms. Rose recommended asking the Investment Monitoring Group to review and provide a recommendation at its next meeting in June.

## ITEM 5

### REPORT OF THE ADMINISTRATOR

Andrea Rose presented the Administrator's Report dated May 26, 2020

General Article 2.8 of the Plan Document provides for any member or beneficiary to appeal a decision of the Administrator on any matter regarding his/her rights under the ERS by filing an appeal, in writing, to the Board of Trustees. Given the Board and Staff work program challenges since the COVID-19 pandemic, Ms. Rose requested the Board delegate the two employee appeals to the Administration & Personnel Oversight Committee for review and recommendation to the Board.

**ACTION:** MS. MCCARTHY made a motion, seconded by VICE CHAIRMAN CICHY to approve the recommendation for delegation of two employee appeals to the Administration & Personnel Oversight Committee for review and recommendation. The motion PASSED unanimously (11-0). (Motion #20-41)

In accordance with the ERS' Recognition Program Policy, Administrative Leave may not be carried over from one year to the next and must be used within the fiscal period during which it was granted. The end of the fiscal year is fast approaching and due to COVID-19 employees have been unable to use Administrative Leave that was awarded in January 2020. Ms. Rose requested the Board approve a one-time extension of the deadline to December 31, 2020

**ACTION:** MR. ZIMMERMAN made a motion, seconded by MS. MCCARTHY to approve the recommendation for a one-time extension of the deadline (from June 30, 2020 to December 31, 2020) for the use of Administrative Leave awarded in accordance with the Recognition Program Policy. The motion PASSED unanimously (11-0). (Motion #20-42)

At its May 20, 2020 meeting, the Commission recognized Merit System employees for diligently carrying out their duties, some of which require onsite presence without the ability for telework, and approved COVID-19 differential pay provisions. As the ERS generally follows the Commission with respects to compensation decisions, the Administrator recommended the same for ERS employees who have been required to be onsite to perform critical tasks that could not be performed via telework.

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. MILLAR to approve the recommendation for approval of the following differential pay provisions for ERS employees as follows:

For the period of May 17, 2020, through June 30, 2020, or until the earlier lifting of the Maryland State of Emergency, a COVID-19 differential will be paid to ERS employees, excluding the Administrator.

- \$2.75 per hour will be paid for each hour of required onsite work which is back-facing. Back-facing is onsite work that does not involve regular physical interaction with the public.
- The COVID differential is only applied to hours which MUST be worked on-site and does not apply to any period during which an employee is on leave, or for any work hours that can be performed by telework. The differential is not paid for onsite presence that is elected, but not required.
- The Board authorizes the Administrator to extend the period of COVID-19 differential compensation to comply with any modifications in relevant Federal/State or local directives or public health practices or mandates.
- The ERS recognizes the efforts of its employees and leadership, including the need for many to carry out additional responsibilities to assist the ERS in its response to COVID-19. Effective June 2,

2020, ERS employees, including the Administrator, shall be credited forty hours of social distancing leave which may be used until December 31, 2020. Part-time employees will receive a prorated amount.

The motion PASSED unanimously (11-0). (Motion #20-43)

## ITEM 6 COMMITTEE REPORTS/RECOMMENDATIONS

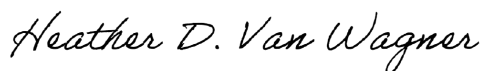
### Investment Monitoring Group (IMG) – Report of May 19, 2020 Meeting

Following a Request for Proposal in 2016, Wilshire was selected to continue as the Board of Trustees' investment consultant. The Investment Consulting Services Agreement ("Agreement") was effective July 1, 2017 for a period of three years with possible extension for two additional one-year periods. The IMG reviewed an annual review report prepared by Staff which detailed the Scope of Services outlined in the Agreement and the actual services provided by Wilshire for the period July 1, 2019 – June 30, 2020. Wilshire has fully met the Scope of Services outlined in the Agreement. The IMG agreed to recommend the approval of the two one-year periods for a two-year extension until June 30, 2022, if permitted following review by legal counsel

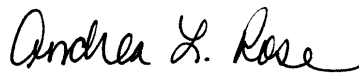
**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. MCCARTHY to approve the recommendation for extension of the Investment Consulting Services Agreement with Wilshire Associates for two additional years through June 30, 2022. The motion PASSED unanimously (11-0). (Motion #20-44)

The Board meeting of June 2, 2020 adjourned at 12:18 p.m.

Respectfully,



Heather D. Van Wagner  
Senior Administrative Specialist



Andrea L. Rose  
Administrator