



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

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, March 7, 2023; 10:00 a.m.

Kenilworth Office Building, Riverdale, MD

(Virtual Meeting via Microsoft Teams)

The Maryland-National Capital Park and Planning Commission ("Commission") Employees' Retirement System ("ERS") Board of Trustees ("Board") met virtually through Microsoft Teams with CHAIR SHAPIRO leading the call on Tuesday, March 7, 2023. The meeting was called to order at 10:00 a.m. by CHAIR SHAPIRO.

Board Members Present

Peter A. Shapiro, Board of Trustees Chair, Prince George's County Commissioner
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio
Gavin Cohen, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio
Pamela F. Gogol, Montgomery County Public Member
Caroline McCarthy, Montgomery County Open Trustee
Sheila Morgan-Johnson, Prince George's County Public Member
Theodore J. Russell III, Prince George's County Open Trustee
Elaine A. Stookey, Bi-County Open Trustee
Howard Brown, FOP Represented Trustee
Lisa Blackwell-Brown, MCGEO Represented Trustee

Board Members Absent

Vacant, Montgomery County Commissioner

ERS Staff Present

Andrea L. Rose, Executive Director
Jaclyn Harris, Deputy Executive Director
Sheila Joynes, Accounting Manager
Alicia C. Stanford, Administrative Specialist

Presentations

Bradley Baker, Wilshire Advisors, Managing Director
LouAnn Eisenhut, Wilshire Advisors, Assistant Vice President

ITEM 1. APPROVAL OF THE MARCH 7, 2023, CONSENT AGENDA

ACTION: MS. CHIANG-SMITH made a motion, seconded by MR. RUSSELL to approve the Consent Agenda of March 7, 2023. The motion PASSED (10-0) (Motion # 23-10).

ITEM 2. CHAIR'S ITEMS – INTRODUCTION OF DEPUTY EXECUTIVE DIRECTOR

Ms. Rose introduced the new ERS Deputy Executive Director, Jaclyn Harris. Ms. Harris has twenty years of experience in management, research, administration, and performance analysis for institutional investors' portfolios, including eight years of retirement benefit administration experience. In her previous role as Pensions Administrator for Prince George's County Pension Plans, she worked with leadership and the Pension Board of Trustees to oversee

more than \$2 billion in pension assets and over \$500 million in defined contribution assets. Ms. Harris has a bachelor's degree in business administration from the University of Richmond and a master's degree in public policy management from Georgetown University.

ITEM 3. MISCELLANEOUS - No items to report.

ITEM 4. CONSULTATION/MANAGER PRESENTATIONS

ITEM 4.A. Wilshire Advisors LLC – Presentation by Bradley Baker, Managing Director and LouAnn Eisenhut, Assistant Vice President

Mr. Baker presented a Quarterly Executive Summary for the quarter ending December 31, 2022 and reported on the fund's performance. The ERS total fund return was 5.6% (net of fees) for the quarter, underperforming by 40 basis points, the target policy index return of 6.0%. For the trailing one, three, five, and ten-year periods ending as of December 31, 2022, the ERS total fund return was -5.4%, 5.8%, 6.1%, and 7.1%, respectively compared to the target policy return of -10.5%, 2.7%, 4.1%, and 5.8%, respectively. While the total fund return was negative for the one-year ending December 31, 2022, the portfolio outperformed the target policy index for the trailing one, three, five, and ten-year periods. The ERS achieved top quartile returns versus other public plans for the last five years ending as of December 31, 2022. This accomplishment was realized by sticking with the fund's long-term asset allocation policy and with less investment portfolio risk than other public funds. As of December 31, 2022, ERS total assets stood at \$1.08 billion.

In terms of market performance, the U.S. equity market was up (+7.1%) and the non-U.S. equity market was down (-19.0%) for the quarter ending December 31, 2022. Consumer discretionary was down (-8.0%), however Energy (+19.9%), Industrials (+16.6%), and Materials (+14.6%) are trending up. Small-cap outperformed large-cap by 86 basis points. Inflation continued to rise in the fourth quarter of 2022, reaching levels not seen in four decades. Geopolitical risks associated with the ongoing war between Russian and Ukraine continue to have a negative impact on capital markets on all segments except for the Energy sector.

ITEM 5. COMMITTEE REPORTS/RECOMMENDATIONS

ITEM 5.A. Investment Monitoring Group

Ms. Rose provided an overview of the Investment Monitoring Group ("IMG") meeting of February 21, 2023. Wilshire Advisors provided a review of the GCM Grosvenor Real Assets and Customized Infrastructure Strategies (CIS) III. As of September 30, 2022, the GCM Grosvenor Real Assets, L.P. produced an IRR and TVPI of 11.2% and 1.3x, respectively, calculated by Wilshire Advisors. The ERS has a commitment value of \$90 million, of which 86% has been called, and a current market value of \$63.8 million. The Real Assets fund focuses equally on private real estate and infrastructure. GCM Grosvenor CIS III, L.P. has an inception date of June 30, 2022, commitment value of \$20 million and market value of \$5.6 million. Currently, it is too early in the investment cycle to determine the IRR and TVPI. The investment strategy is focused on private infrastructure investments. Wilshire Advisors is confident that the ERS's investments in GCM Grosvenor funds are on target to meet mandates.

ITEM 5.B. Administration & Personnel Oversight Committee

Ms. Rose provided an overview of the Administration & Personnel Oversight Committee ("Personnel Committee") meeting of February 21, 2023. The Personnel Committee held its first working session to discuss and consider revisions to the Ethics Policy that will later be incorporated in the Governance Manual. The Committee also reviewed

the Statement of Changes in Fiduciary Net Position, Statement of Fiduciary Net Position at December 31, 2022, and Budget vs. Actual as of December 31, 2022 with no discussion or comments.

ITEM 6. EXECUTIVE DIRECTOR'S REPORT

Ms. Rose presented the Executive Director's Report dated February 27, 2023. Ms. Rose reminded the Board the Bi-County Open Trustee and the Montgomery County and Prince George's County Public Member seats will expire on June 30, 2023. Letters of Interest for the Bi-County Open Trustee seat must be received by April 21, 2023 and on April 7, 2023 for the Montgomery and Prince George's County Public Member seats. Ms. Rose also reminded Trustees that Financial Disclosure Statements for 2022 are due by April 30, 2023.

Staff calculated a Cost-of-Living Adjustment (COLA) using data from the December 2022 Consumer Price Index for All Urban Consumers (CPI-U). The change in the CPI-U for December 2022 was 5.5%. COLAs are applied annually on July 1st based upon the change in the CPI-U at year end. Staff recommended a maximum COLA of 5% for Tier 1 Service and 2.5% for Tier 2 Service effective July 1, 2023 for eligible retirees and beneficiaries in accordance with the Employees' Retirement System Plan Document.

ACTION: MS. CHIANG-SMITH made a motion, seconded by MR. RUSSELL to approve a Cost-of-Living Adjustment of 5.0% for Tier 1 Service and 2.5% for Tier 2 Service effective July 1, 2023 for eligible retirees and beneficiaries in accordance with the ERS Plan Document. The motion PASSED (10-0) (Motion # 23-11).

The Board meeting of March 7, 2023, adjourned at 10:35 a.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea L. Rose

Andrea L. Rose
Executive Director