



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

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, November 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 via Microsoft Teams with CHAIR SHAPIRO leading the call on Tuesday, November 7, 2023. The meeting was called to order at 10:01 a.m. by CHAIR SHAPIRO.

Board Members Present

Peter A. Shapiro, Board of Trustees Chair, Prince George's County Commissioner

James Hedrick, Board of Trustees Vice Chair, Montgomery County Commissioner

Gavin Cohen, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

Sheila Morgan-Johnson, Prince George's County Public Member

Elaine A. Stookey, Bi-County Open Trustee

Howard Brown, F.O.P Represented Trustee

Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio

Joined at 10:05 a.m.

Theodore J. Russell III, Prince George's County Open Trustee

Caroline McCarthy, Montgomery County Open Trustee

Joined at 10:04 a.m.

Pamela F. Gogol, Montgomery County Public Member

Lisa Blackwell-Brown, MCGEO Represented Trustee

ERS Staff Present

Andrea L. Rose, Executive Director

Jaclyn F. Harris, Deputy Executive Director

Sheila Joynes, Accounting Manager

Alicia C. Stanford, Administrative Specialist

Presentations

Cheiron – Janet Cranna, FSA, FCA, EA, MAAA, Patrick Nelson, FSA, CERA, EA, MAAA, and Jana Bowers, FSA, MAAA

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

ACTION: MR. RUSSELL made a motion, seconded by VICE CHAIR HEDRICK to approve the Consent Agenda of November 7, 2023. The motion PASSED (9-0). (Motion # 23-41).

ITEM 2. CHAIR'S ITEMS – No discussion or questions from the Trustees.

10:04 a.m. - Ms. McCarthy joined the meeting.

10:05 a.m. – Ms. Chiang-Smith joined the meeting.

ITEM 3. MISCELLANEOUS – Ms. Rose introduced the new Senior Retirement Benefits Analyst, Janet Hatcher, and M-NCPPC Office of General Counsel, Deputy General Counsel, Michael ‘Wes’ Aniton, who is replacing Ben Rupert as internal counsel for the ERS.

ITEM 4. CLOSED SESSION

ACTION: At 10:06 a.m., MS. CHIANG-SMITH made a motion, seconded by MS. GOGOL to go into Closed Session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(5) to consider matters directly concerning the actual investment of public funds and Section 3-305(b)(7) to consult with counsel to receive guidance from legal counsel on matters related to such investments under the authority of this Board. The motion PASSED (11-0) (Motion #23-42).

During the Closed Session, the Board considered matters related to the investment of public funds and consulted with counsel to receive guidance from legal counsel on matters related to such investment under the authority of the Board. *Board of Trustees in Closed Session:* Chair Shapiro, Vice Chair Hedrick, Gavin Cohen, Sheila Morgan-Johnson, Theodore Russell III, Elaine Stookey, Caroline McCarthy, Howard Brown, Pamela Gogol, Lisa Blackwell-Brown, and Asuntha Chiang-Smith.

ITEM 5. CONSULTANT RECOMMENDATION

ACTION: MS. CHIANG-SMITH made a motion, seconded by VICE CHAIR HEDRICK to approve the Side Letter and proceed with the investment in Golub Capital Fund 15, L.P. as recommended by the Groom Law Group and to elect Pam Gogol as the ERS Trustee representative on the Fund’s Advisory Board. The motion PASSED (11-0). (Motion # 23-43).

ITEM 6. CONSULTANT PRESENTATION

CHEIRON – Presentation by Janet Cranna, FSA, FCA, EA, MAAA, Patrick Nelson, FSA, CERA, EA, MAAA, and Jana Bowers, FSA, MAAA

Cheiron conducted an educational session on the actuarial valuation process, historical trends, and the identification and assessment of risk prior to presenting the June 30, 2023 actuarial valuation results. As of June 30, 2023, the actuarial value of assets for the ERS increased by 3% to total \$1,136,158,437. Despite achieving asset gains for the fiscal year, the actuarial loss on investments was \$3.7 million. Plan experience for the fiscal year and the actuarial loss on investments resulted in a total actuarial liability loss of \$50.4 million. Therefore, ERS actuarial liability increased by 7% to \$1,293,754,448. As of June 30, 2023, the funded ratio (based on the actuarial value of assets) equaled 87.82%, down from 91.09% in 2022. The source of the actuarial loss can be primarily attributed to salary increases for the prior year being greater than expected, the retiree COLA being more than expected, and known salary adjustments for FY24. To meet the ERS’ funding objectives, Cheiron recommended an Actuarially Determined Contribution (ADC) of \$35,554,919 (17.95% of covered payroll) which is payable July 1, 2024 for fiscal year 2025.

The trustees discussed with Cheiron the impact of inflation and the current salary assumption. Cheiron noted that pay and COLA increases result in higher future benefits which typically lead to higher contributions. Trustees expressed concern that the salary assumption does not align with the actual plan experience. Cheiron explained that assumptions are normally reviewed during experience studies since the assumptions are long-term; however, if salary assumptions were going to remain high, a review could be conducted earlier. Chair Shapiro asked Ms. Rose to

coordinate with the Commission's Executive Director and Cheiron to determine whether a review of the salary assumption was warranted prior to the next experience study.

VICE CHAIR HEDRICK left the meeting at 11:29 p.m. MS. MORGAN-JOHNSON experienced technical difficulties.

ACTION: MR. COHEN made a motion, seconded by MS. McCARTHY to approve an Actuarially Determined Contribution of \$35,554,919 (17.95% of payroll) payable July 1, 2024 for fiscal year 2025. The motion PASSED (9-0). VICE CHAIR HEDRICK and MS. MORGAN-JOHNSON were absent for this vote. (Motion # 23-44).

ITEM 7. COMMITTEE REPORTS/RECOMMENDATIONS

Investment Monitoring Group

There were no comments, questions or action items related to the Investment Monitoring Group report.

ITEM 8. EXECUTIVE DIRECTOR'S REPORT

Ms. Rose presented the Executive Director's Report dated October 31, 2023. Ms. Rose informed the Board that the ERS was affected by the national direct deposit delay issue and staff were working with the ERS' payroll vendor to resolve the issue. Additionally, select members of the Administration & Personnel Oversight Committee ("Personnel Committee") and Staff will be evaluating the Request for Proposal submissions received for the Actuarial Audit. The Personnel Committee will use the November 21, 2023 meeting as a working session to discuss the responses and make a recommendation for the contract award to the Board at the December 5, 2023 meeting. Ms. Rose announced that Audax closed on the \$25 million commitment effective October 28, 2023 for the Audax Senior Loan Fund V investment. Lastly, Ms. Rose informed the Board that staff are working with B.F. Saul on the renewal of the existing cyber security insurance policy. The Commission's Chief Information Office recommended increasing coverage from \$3 million to \$5 million due to a rise in security attacks targeting businesses and government organizations. Travelers Insurance declined to increase the coverage to \$5 million, so B.F. Saul is soliciting additional quotes to acquire the recommended cyber security coverage. There was consensus from the Board to increase the cyber insurance coverage, contingent upon the availability of funds.

The Board meeting of November 7, 2023, adjourned at 12:00 p.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea L. Rose

Andrea L. Rose
Executive Director