



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

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, December 5, 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 VICE CHAIR HEDRICK leading the call on Tuesday, December 5, 2023. The meeting was called to order at 10:05 a.m. by VICE CHAIR HEDRICK.

Board Members Present

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

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

Joined at 10:07 a.m.

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

Caroline McCarthy, Montgomery County Open Trustee

Pamela F. Gogol, Montgomery County Public Member

Joined at 10:54 a.m.

Board Members Absent

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

Howard Brown, F.O.P Represented Trustee

Lisa Blackwell-Brown, MCGEO Represented Trustee

ERS Staff Present

Andrea L. Rose, Executive Director

Jaclyn F. Harris, Deputy Executive Director

Alicia C. Stanford, Administrative Specialist

Presentations

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

ITEM 1. APPROVAL OF THE DECEMBER 5, 2023, CONSENT AGENDA

ACTION: MR. RUSSELL made a motion, seconded by MR. COHEN to approve the Consent Agenda of December 5, 2023. The motion PASSED (6-0). (Motion # 23-45).

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

10:07 a.m. – Ms. Chiang-Smith joined the meeting.

ITEM 3. MISCELLANEOUS – No discussion or questions from the Trustees.

ITEM 4. CONSULTANT RECOMMENDATION

Groom Law Group

Presentation by David N. Levine, Principal Counsel, Groom Law Group

Ms. Rose provided an overview of the Plan Document Restatement and introduced ERS' external legal counsel, David Levine. Mr. Levine summarized the changes in the Plan Document since the last restatement, effective as of July 1, 2022, and impact on Plan provisions and its members. Mr. Levine explained that because of M-NCPPC Resolution No. 23-04 (Approval of Three-Year Collective Bargaining Agreement between the Fraternal Order of Police, Lodge No. 30, effective February 1, 2023 through January 2026) and the need for compliance with certain provisions of the SECURE 2.0 Act of 2022, Groom was tasked with reviewing and revising current Plan language. M-NCPPC Resolution No. 23-04 required changes to the Plan Document primarily related to creditability for accumulated sick leave. The changes reflected in the restatement of the Plan Document are effective as of January 1, 2024. SECURE 2.0 addresses requirements for recoupment of a benefit overpayment and allows for Plan determinations on the necessity of recouping inadvertent overpayments. Mr. Levine presented a draft of the new Overpayment Policy which he noted may be modified pending further guidance from the IRS. This policy will be incorporated in the procedures for administration of benefit payments.

ACTION: MS. MCCARTHY made a motion, seconded by MS. CHIANG-SMITH to approve the Recommendation to Adopt the Plan Restatement effective January 1, 2024 and the Overpayment Policy, as recommended by the Groom Law Group. The motion PASSED (7-0). (Motion # 23-46).

ITEM 5. CONSULTANT/MANAGER PRESENTATION

A. Wilshire Advisors

Presentation by Bradley A. Baker, Managing Director, and LouAnn Eisenhut, Assistant Vice President

Mr. Baker provided a Quarterly Executive Summary on the Fund's performance for the quarter ending September 30, 2023. The ERS total return was -1.25% (net of fees) for the quarter, outperforming by 49 basis points the target policy benchmark return of -1.74%. For the FYTD, three, five, and ten-years ended September 30, 2023, the ERS total return (net of fees) was -1.25%, 7.04%, 6.01%, and 6.43%, respectively. In comparison, the target policy benchmark return was -1.74%, 3.81%, 4.67% and 5.47%, respectively. The total market value of ERS assets as of September 30, 2023 was \$1.1 billion. The U.S. stock market was down -3.3% for the 3rd Quarter and is up 20.5% for the past 12 months. The best performing sectors were energy (+12.9%) and communication services (+2.3%). The worst performing sectors were utilities (-9.3%) and real estate (-8.4%).

VICE CHAIR HEDRICK asked Wilshire to elaborate on the performance of the real estate sector and portfolio manager, Principal. Mr. Baker briefly discussed the current state of the real estate sector and summarized some of the performance challenges Principal has shared with clients. Ms. Morgan-Johnson inquired about risks associated with Artificial Intelligence (A.I.). Mr. Baker replied that it is too early to evaluate any risks and that Wilshire will continue to stay abreast of developments and any impact on the investments.

Ms. Eisenhut announced Wilshire's plans to acquire U.S. based investment advisor, Lyxor U.S.; a company with \$20.8 billion in assets under management. This decision was driven by Wilshire's desire to improve investment outcomes for its clients and take advantage of Lyxor's expertise in hedge fund investment solutions. Ms. Eisenhut confirmed there would be no impact on the ERS.

10:54 p.m. - Ms. Gogol joined the meeting.

ITEM 6. COMMITTEE REPORTS/RECOMMENDATIONS

Investment Monitoring Group

Ms. Harris summarized the November 21, 2023 Investment Monitoring Group (“IMG”) meeting. Ms. Harris noted that during the IMG meeting, Wilshire Advisors provided a presentation on the ERS portfolio fee analysis. Wilshire reported the ERS total investment management fees of approximately 0.35% (35 basis points) are below other Public Pension Plans of 0.56% (56 basis points). Ms. Harris also mentioned that Wilshire Advisors provided a manager review of the Wilshire Private Market Series, and an update from Morgan Stanley regarding personnel leadership changes. Ms. Harris noted that the IMG reviewed a revised version of the 2024 Work Program that accounts for the prioritization of the Investment Consulting Services Request For Proposal. During the IMG meeting, staff requested approval of two (2) revisions to the Procurement Policy related to the procurement of Investment Consulting Services. Staff is planning to review and recommend further changes to the Procurement Policy and present an updated draft of the policy for approval in early 2024.

ACTION: MS. CHIANG-SMITH made a motion, seconded by MR. RUSSELL to approve the Recommendation to Approve the 2024 Investment Monitoring Group Work Program and Procurement Policy revisions for Investment Consulting Services which include removing the reference to “in conjunction with a Board Committee” and to require a formal Request For Proposal every seven (7) years. The motion PASSED (8-0). (Motion # 23-47).

Administration and Personnel Oversight Committee

Ms. Rose provided an overview of the November 21, 2023 Administration and Personnel Oversight Committee (“Personnel Committee”) meeting. During the meeting, the Personnel Committee reviewed the 2024 Work Program, highlighting the addition of new policies to be incorporated into the Governance Manual and 2024 meeting dates. Ms. Rose mentioned that the Personnel Committee reviewed the two (2) new procurement-related policies recommended during the IMG’s Work Program review that will affect the pending revised Procurement Policy. Ms. Rose mentioned that the Personnel Committee also used the November 21, 2023 meeting as a working session to review and discuss the scoring for the Actuarial Audit Services Request For Proposal responses and came to a consensus on an awardee.

ACTION: MS. GOGOL made a motion, seconded by MS. CHIANG-SMITH for the Recommendation to Approve the 2024 Administration & Personnel Oversight Committee Work Program. The motion PASSED (8-0). (Motion # 23-48).

ACTION: MS. CHIANG-SMITH made a motion, seconded by MR. RUSSELL for the Recommendation to Award the Actuarial Audit Services Contract to Gabriel, Roeder, Smith & Company, Contingent upon Contract Negotiations. The motion PASSED (8-0). (Motion # 23-49).

ITEM 7. EXECUTIVE DIRECTOR’S REPORT

Ms. Rose presented the Executive Director’s Report dated November 28, 2023. Ms. Rose highlighted that staff obtained a \$5 million cyber security insurance policy, as recommended by the Office of the Chief Information Officer (OCIO), due to the rise in security attacks targeting business and government organizations. Ms. Rose informed the

Board that Travelers agreed to renew the existing \$3 million policy but would not offer a \$5 million policy. Corvus Excess & Surplus Lines Co., a company owned by Travelers, provided a \$2 million excess quote for the cyber insurance. The \$5 million cyber security insurance coverage became effective December 1, 2023.

The Board meeting of December 5, 2023, adjourned at 11:18 a.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea L. Rose

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Executive Director