



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

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, September 6, 2022; 9:00 a.m.

Kenilworth Office Building, Riverdale, MD

(Due to COVID-19 Attend via Microsoft Teams)

Due to COVID-19, the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System (“ERS”) Board of Trustees (“Board”) met virtually through Microsoft Teams with CHAIRMAN CICHY leading the call on Tuesday, September 6, 2022. The meeting was called to order at 9:00 a.m. by CHAIRMAN CICHY.

Board Members Present

Gerald R. Cichy, Board of Trustees Chairman, Montgomery County Commissioner
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio
Gavin Cohen, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio
Lisa Blackwell-Brown, MCGEO Represented Trustee *Left at 1:30pm*
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
Peter A. Shapiro, Board of Trustees Vice Chairman, Prince George’s County Commissioner
Caroline McCarthy, Montgomery County Open Trustee

Board Members Absent

Pamela F. Gogol, Montgomery County Public Member

ERS Staff Present

Andrea L. Rose, Administrator
Alicia C. Stanford, Senior Administrative Specialist
Sheila Joynes, Accounting Manager

Presentations

- *Wilshire Advisors, LLC* – Bradley A. Baker, Managing Director and LouAnn Eisenhut, Assistant Vice President
- *T. Rowe Price* – Paul Massaro, CFA, Portfolio Manager and Adam Rouse, CIMA, Defined Contribution Specialist
- *Nuveen* - Scott Caraher, Head of Senior Loans; Ravi Chintapalli, CFA, Client Portfolio Manager; and Kitty Martin, Institutional Advisory Services
- *ARES Management* (“ARES”) - Samantha Milner, Partner, Portfolio Manager and U.S. Liquid Credit Research; Michael Schechter, Partner, Head of Credit Trading; Julie Greenman, Managing Director, Investor Relations; and Scott McConnell, Managing Director, Global Client Solutions

Other Attendee(s)

- Tracey A. Harvin – M-NCPPC Senior Counsel

ITEM 1 APPROVAL OF THE SEPTEMBER 6, 2022, CONSENT AGENDA

Andrea Rose noted several minor corrections to the Open Session Minutes of July 12, 2022.

ACTION: MR. RUSSELL made a motion, seconded by CHAIRMAN CICHY to approve the Consent Agenda of September 6, 2022 and Minutes of the Open Session of July 12, 2022, as amended. The motion PASSED (10-0). (Motion # 22-43).

ITEM 2 CHAIRMAN'S ITEMS

ITEM 2.A. Conference & Training Summary Schedule – No comments or inquiry from the Board.

ITEM 3 MISCELLANEOUS

3.A Open Meetings Act Compliance Board Opinion; June 30, 2022 – CHAIRMAN CICHY provided a formal statement in response to a complaint filed about the open meeting practices of the ERS. The Open Meetings Compliance Board did not find the Board's practices to be in violation of the Open Meetings Act but found a violation for not providing copies of the closed session minutes. CHAIRMAN CICHY acknowledged the decision and strongly believes in the importance of open government and compliance with the Open Meetings Act. All Trustees provided written acknowledgement of the Open Meetings Compliance Board Opinion dated June 30, 2022.

ITEM 4 MANAGER REPORT/PRESENTATIONS

ITEM 4.A. Wilshire Advisors LLC – Presentation by Bradly Baker, Managing Director and LouAnn Eisenhut, Assistant Vice President. Mr. Baker provided a summary of the bank loan search process and the bank loan managers who were selected to present to the Board: T. Rowe Price, Nuveen, and ARES in comparison to the existing bank loan manager, Voya.

4.B. T. Rowe Price – Presentation by Paul Massaro, CFA, Portfolio Manager and Adam Rouse, CIMA, Defined Contribution Specialist. T. Rowe Price has been managing bank loan securities since 2002 with over \$14.7 billion in bank loan assets under management as of June 30, 2022. The team averages 23 years of investment experience with an average of 13 years at T. Rowe Price. T. Rowe Price seeks to generate consistent long-term returns with below-market volatility through proprietary fundamental research; investing primarily in BB and B rated loans; adherence to strict risk management practices; and full integration of environmental, social, and governance factors in the investment process. The investment process includes constructing broadly diversified portfolios with conservative exposure guidelines and ongoing portfolio monitoring to keep the portfolio fresh.

4.C. Nuveen – Presentation by Scott Caraher, Head of Senior Loans, Ravi Chintapalli, CFA, Client Portfolio Manager, and Kitty Martin, Institutional Advisory Services. Nuveen has been managing leveraged finance for over 25 years with over \$39 billion in assets under management as of March 31, 2022. Each member of the dedicated Nuveen team has at least 15 years of experience. Nuveen's senior loans strategy focuses on actively investing predominately in liquid, first lien senior loans in order to outperform the broader U.S. loan market. Nuveen's strategy includes active management of credit risk, ESG integration, and cross-team leverage, predominantly in U.S. investments. The investment process focuses

on identifying higher relative value in more liquid senior loans which aims to protect investors and capital. Nuveen's credit underwriting process has led to a more selective approach than their peer group, while Nuveen's size and scale results in top allocation when committed to a new issue.

4.D. ARES Management – Presentation by Samantha Milner, Partner, Portfolio Manager and U.S. Liquid Credit Research, Michael Schechter, Partner, Head of Credit Trading, Julie Greenman, Managing Director, Investor Relations, and Scott McConnell, Managing Director, Global Client Solutions. ARES has been managing leveraged finance since 1997 with over \$201.9 billion in assets under management in the credit space as of June 30, 2022. ARES has tenured team of approximately 65 partners averaging 24 years of experience. Presenters noted the departure of 23-year tenured portfolio manager, Jason Duko, at the end of 2022. The bank loan strategy executed by ARES is focused on outperforming the benchmark on a risk-adjusted basis through deep fundamental research, a rigorous buy and sell discipline, through underwriting and continuous research.

ITEM 5 CLOSED SESSION

At 12:44 p.m. the Board went into Closed Session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(5) for the investment of public funds to discuss the selection of a new bank loan manager.

ACTION: MR. COHEN made a motion, seconded by MS. CHIANG-SMITH to go into Closed Session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(5) for the investment of public funds related to discuss selection of a new bank loan manager. The motion PASSED (10-0). (Motion #22-44)

During Closed Session, the following action was taken:

The Board discussed the bank loan manager presentations made by T. Rowe Price, Nuveen, and ARES and consulted with the investment consultant, Wilshire Advisors.

Board of Trustees in Closed Session: Gerald Cichy, Peter Shapiro, Caroline McCarthy, Asuntha Chiang-Smith, Gavin Cohen, Lisa Blackwell-Brown, Sheila Morgan-Johnson, Theodore Russell III, Elaine Stookey, and Howard Brown.

Lisa Blackwell-Brown left the meeting.

ACTION: MR. SHAPIRO made a motion, seconded by MS. CHIANG-SMITH to invest in the Nuveen Senior Loan Fund, L.P. and to replace Voya, pending legal review of the governing documents. The motion PASSED (9-0). (Motion # 22-46).

ITEM 6 ADMINISTRATOR'S REPORT

ITEM 6.A. Administrator's Report presentation

Andrea Rose presented the Administrator's Report dated August 19, 2022.

Ms. Rose reminded the Board of upcoming committee and Board meeting dates, including an Audit Committee meeting which is tentatively scheduled for the end of September. During August, staff finalized the financial statements and the Annual Comprehensive Financial Report and answered questions and

requests for additional information from the auditors. Staff submitted actuarial data, supplemental reports, and information to Cheiron for the June 30, 2022 actuarial valuation. The results of the actuarial valuation are expected at the Board's November meeting. Lastly, K-1s are being submitted to the auditors, SB & Company, for review. Staff are awaiting a determination of whether additional filing requirements were identified.

The Board meeting of September 6, 2022, adjourned at 1:46 p.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea Rose

Andrea L. Rose
Administrator