



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

REGULAR BOARD OF TRUSTEES MEETING
MINUTES
Tuesday, November 5, 2019; 10:00 A.M.
ERS/Merit Board Conference Room

The Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees ("Board") met in the ERS/Merit Board Conference Room at its office in Riverdale, Maryland on Tuesday, November 5, 2019 and 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
Anju Aggarwal Bennett, M-NCPPC Acting Executive Director, Ex-Officio
Howard Brown, FOP Represented Trustee
Melissa D. Ford, Prince George's County Open Trustee
Pamela F. Gogol, Montgomery County Public Member
Amy Millar, MCGEO Represented Trustee
Sheila Morgan-Johnson, Prince George's County Public Member
Elaine Stookey, Bi-County Open Trustee
Joseph C. Zimmerman, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

Board Member Not Present

Vacant, Montgomery County Open Trustee

ERS Staff Present

Andrea L. Rose, Administrator
Heather D. Van Wagner, Senior Administrative Specialist
Sheila S. Joynes, ERS Accounting Manager
Ann L. McCosby, Software Manager
Lisa D. Butler, Senior Retirement Benefits Analyst
Antonia L. Lanier, Member Relations Manager

Presentations

Cheiron - Janet H. Cranna, FSA, FCA, EA, MAAA, Principal Consulting Actuary and
Patrick Nelson, FSA, CERA, MAAA, EA, Associate Actuary
Groom Law Group - Alex Ryan (via conference call)
M-NCPPC Legal Department - William C. Dickerson, Principal Counsel

Others Present

M-NCPPC - John Kroll, Budget Manager

Wilshire Associates - Bradley A. Baker, Managing Director (in-person) and
Martell McDuffy, Senior Analyst (via conference call)

ITEM 1

APPROVAL OF THE NOVEMBER 5, 2019 CONSENT AGENDA

- A. Approval of the November 5, 2019 Board of Trustees Meeting Agenda
- B. Minutes of Open Session, September 3, 2019
- C. Minutes of Closed Session, September 3, 2019
- D. Disbursements Granted Reports - August and September 2019

ACTION: MS. MORGAN-JOHNSON made a motion, seconded by VICE CHAIRMAN CICHY to approve the Revised November 5, 2019 Meeting Agenda. The motion PASSED unanimously (9-0). MS. BENNETT was out of the room. (Motion #19-54)

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. MILLAR to approve the November 5, 2019 Consent Agenda. The motion PASSED unanimously (9-0). MS. BENNETT was out of the room. (Motion #19-55)

ITEM 2 CHAIRMAN'S ITEMS

A. Board of Trustees Conference Summary

CHAIRMAN HEWLETT reminded the board of their fiduciary responsibility to attend training events.

ITEM 3 MISCELLANEOUS

No miscellaneous reported.

ITEM 4 CLOSED SESSION

At 10:05 a.m. CHAIRMAN HEWLETT requested a motion to go into Closed Session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(7) to consult with counsel to obtain legal advice on particular legal matters and to preserve attorney-client privilege.

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to go into Closed Session. The motion PASSED unanimously (9-0). MS. BENNETT was out of the room. (Motion #19-56)

During Closed Session, the following actions were taken:

1. The Board consented to one amendment to the Limited Partnership Agreements with Oaktree.
2. The Board approved a revised Securities Lending Authorization Agreement with Northern Trust Company.

The Board of Trustees moved back into Open Session at 10:23 a.m.

ACTION: VICE CHAIRMAN CICHY made the motion, seconded by MS. GOGOL to ratify the actions taken in Closed Session. The motion PASSED unanimously (10-0). (Motion #19-60)

ITEM 5 MANAGER REPORTS/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 conducted an educational session on the actuarial valuation process, historical trends, and the identification and assessment of risk and presented the July 1, 2019 actuarial valuation results.

The July 1, 2019 actuarial valuation indicated a funded ratio (based on the actuarial value of assets) of 92.75%, which is down from 94.94% in 2018.

To meet the funding objectives, the recommended employer contribution of \$22,312,947 (13.93% of payroll) is payable July 1, 2020 for fiscal year 2021 an increase from \$19,244,687 (12.3% of payroll) as of July 1, 2018. The increase in the employer contribution from 2018 to 2019 can be primarily attributed to 1) a loss on the actuarial value of assets; 2) an increase in

the liabilities due to the change in the investment return assumption from 6.90% to 6.85%; and 3) experience that varied from assumptions.

ACTION: MS. GOGOL made a motion, seconded by VICE CHAIRMAN CICHY to approve an employer contribution of \$22,312,947 (13.93% of payroll) payable July 1, 2020 for fiscal year 2021. The motion PASSED unanimously (10-0). (Motion #19-61)

Ms. Cranna said new mortality tables specifically for public sector pension plans have been released. Cheiron prefers to update mortality every 5 years along with a full experience study. An experience study is scheduled following the July 1, 2020 actuarial valuation (for the period July 1, 2015-June 30, 2020). Andrea Rose confirmed the auditors, SB & Company are comfortable with this approach proposed by Cheiron. The Board confirmed agreement with this approach.

VICE CHAIRMAN CICHY left the meeting at 11:57 a.m.

ITEM 6 REPORT OF THE ADMINISTRATOR , OCTOBER 25, 2019

No discussion.

ITEM 7 COMMITTEE REPORTS/RECOMENDATIONS

Audit Committee - Report of October 7, 2019 Meeting

SB & Company issued an unmodified (aka "clean") opinion on the June 30, 2019 financial statements. The Board joined the Audit Committee Chairman, MR. ZIMMERMAN, in expressing appreciation to the ERS' Accounting Manager, Sheila Joynes, for preparing the ERS' 2019 Comprehensive Annual Financial Report.

Investment Monitoring Group - Report of September 17, 2019 Meeting

No discussion.

Investment Monitoring Group - Report of October 15, 2019 Meeting

No discussion.

Investment Monitoring Group - Verbal Report of November 5, 2019 Meeting

The new asset allocation approved by the board in July 2019 included a dedicated 5% allocation to Emerging Market Debt (EMD) Fixed Income. Wilshire Associates conducted an EMD manager search and met with the Investment Monitoring Group (IMG) to discuss the process of the search and help the IMG select finalists. The IMG selected three finalists, PGIM, TCW, and Payden & Rygel, to present to the Board at its December 3, 2019 meeting. MS. MORGAN-JOHNSON asked trustees if there were any actual or perceived conflicts of interest with the firms. There were none. The Board agreed to start the December meeting at 9:00 a.m. to allow time for the presentations.

The Board of Trustees meeting of November 5, 2019 adjourned at 12:09 p.m.

Respectfully,

Heather D. Van Wagner
Senior Administrative Specialist

Andrea L. Rose
Administrator