



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

**BOARD OF TRUSTEES MEETING
MINUTES
Tuesday, February 2, 2021; 10:00 a.m.
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 HEWLETT leading the call from the County Administration Building in Upper Marlboro, Maryland on Tuesday, February 2, 2021. The meeting 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
Howard Brown, FOP Represented Trustee
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio Joined at 10:03 a.m.
Melissa D. Ford, Prince George’s County Open Trustee
Pamela F. Gogol, Montgomery County Public Member
Caroline McCarthy, Montgomery County Open Trustee
Amy Millar, MCGEO Represented Trustee
Sheila Morgan-Johnson, Prince George’s County Public Member Joined at 10:03 a.m.
Elaine A. Stookey, Bi-County Open Trustee
Joseph C. Zimmerman, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

ERS Staff Present

Andrea L. Rose, Administrator
Sheila S. Joynes, ERS Accounting Manager
Heather D. Van Wagner, Senior Administrative Specialist

Presentation

M-NCPPC Legal Department – William C. Dickerson, Principal Counsel and
Rita Grindle, Legal Administrative Assistant

Others Present

The Commission’s 115 Post-Retirement Trust Fund Members –
Commissioner Manuel Geraldo; Tanya Hankton; and, Abbey Rodman

ITEM 1 APPROVAL OF THE FEBRUARY 2, 2021 CONSENT AGENDA

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to approve the Consent Agenda. The motion PASSED unanimously (9-0). (Motion #21-09)

CHIANG-SMITH and MORGAN-JOHNSON joined the meeting at 10:03 a.m.

ITEM 2 CHAIRMAN’S ITEMS

CHAIRMAN HEWLETT pointed out a few virtual conferences and encouraged trustees to attend.

ITEM 3 MISCELLANEOUS

No items reported.

ITEM 4 REPORT OF THE ADMINISTRATOR**Presentation by Andrea L. Rose, Administrator
Administrator's Report dated January 22, 2021**

The ERS' actuary, Cherion, kicked off an actuarial experience study for the five-year period ending June 30, 2020 and will present the results at the May 4, 2021 Board meeting.

The contract with the ERS' auditors, SB & Company, expires April 15, 2021. A joint Request for Proposal with the Commission was released and the pre-proposal conference is scheduled for February 4, 2021.

The terms of the Montgomery County and Prince George's County Open Trustee seats will expire June 30, 2021. Open trustees are elected from among the persons eligible for selection as the Montgomery County and Prince George's County Open Trustee. Polling will be conducted by the ERS staff by written, secret ballot in accordance with its written procedures adopted in advance. Staff are working on a calendar for the election.

Levi, Ray & Shoup granted the ERS a one-month extension for user acceptance testing which allowed staff to wrap-up the majority of the testing on January 15, 2021. ERS staff spent the last two-weeks of January preparing for go-live parallel processing which began on February 1, 2021.

ITEM 5 COMMITTEE REPORTS/PRESENTATIONS**A. Investment Monitoring Group****Presentation by Andrea L. Rose, Administrator****i. Regular Report of January 19, 2021**

At the Investment Monitoring Group (IMG) meeting of January 19, 2021, the IMG met with Mark Haak, CFA, Senior Vice President, Portfolio Manager, and Russell Greig, CFA, Senior Vice President, Institutional Client Service on VOYA's Bank Loan team for a performance review.

Mr. Haak reported on the 2020 fiscal stress for bank loans due to the pandemic. In the spring of 2020, prices sank dramatically and VOYA sold names that either were downgraded or were anticipated to be downgraded with COVID exposure. This decision to reduce risk proved costly as there was a quick snapback in the market. VOYA outperformed in the first quarter of 2020; however, by reducing risk, VOYA could not maintain performance when the market snapped back. VOYA is now adding incremental exposure back to the portfolio.

Wilshire's, Bradley Baker, said VOYA underperformed the S&P/LSTA Leveraged Loan Index over all cumulative time periods since inception in April 2014. While the strategy performed well on a relative basis during "down market" periods; the strategy lagged during "up markets". Only one manager on Wilshire's focus list outperformed the index during this same time period. Wilshire recommended closely monitoring VOYA's investment performance during 2021 with the expectation of examining alternative options if investment performance does not improve by year-end. Ms. Rose agreed to add to the IMG's work program for the end of 2021.

Mr. Baker presented a private equity pacing and commitment report that summarized Wilshire's Private Markets ("WPM") customized program for the ERS that consists of an allocation of \$105 million to two WPM managed separate accounts (Series I and Series II).

Wilshire recommended additional capital commitments to private equity that would provide adequate exposure and vintage year diversification. Wilshire provided two options for implementation as follows:

- Option #1: "Re-Commit" or "Re-Up" with Wilshire Private Markets Group through an additional series (Series III).
- Option #2: Evaluate alternative investment strategies in the marketplace that would provide Private Equity exposure.

Mr. Baker provided four pacing options; however, pacing analysis suggests and Wilshire recommended a commitment amount of \$15 million (\$45 million in total) that would be invested over the next three-years.

The IMG discussed potential commitments to private equity and pacing of the additional private equity commitment and considered the advantages and disadvantages with Re-Committing to WPM (Series III), including the conflict of interest between Wilshire Consulting and Wilshire Private Markets. The IMG agreed further due diligence on the conflict of interest issue was necessary. Additionally, the IMG asked Mr. Baker to prepare a scouting report of other managers in the industry for the IMG's review at its February 19, 2021 meeting. Mr. Baker agreed to confirm Series III provisions with the WPM group, including fees paid on committed capital and the opportunity to reduce the commitment amount (similar to Series II provision).

ITEM 6. TRUSTEE EDUCATION

A. Ethics & Fiduciary Responsibility Training

Presentation by M-NCPPC Legal Department – William C. Dickerson, Principal Counsel

William C. Dickerson, Principal Counsel from the Commission's Legal Department presented the annual Ethics & Fiduciary Responsibility Training which focused on the responsibilities of the public plans' fiduciary.

Alexander P. Ryan from the Groom Law Group joined the meeting at 10:36 a.m.

ITEM 7. CLOSED SESSION

At 10:44 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)(5) for investment of public funds and Section 3-305(b)(7) to consult with counsel to obtain legal advice on legal matters.

ACTION: MS. MILLAR made a motion, seconded by VICE CHAIRMAN CICHY to go into Closed Session. The motion PASSED unanimously (11-0). (Motion #21-10)

During Closed Session, the following action was taken:

1. Approved the transition from the Loomis Sayles Full Discretion Trust to Loomis Sayles U.S. High Yield Bond Trust following the Groom Law Group's review of the Third Amended and Restated Declaration of Trust.

The Board moved back into Open Session at 10:55 a.m.

ACTION: MS. FORD made a motion, seconded by VICE CHAIRMAN CICHY to ratify the actions taken in Closed Session. The motion PASSED unanimously (11-0). (Motion #21-14)

ITEM 8. ADMINISTRATIVE FUNCTIONS

The Board will recess to perform administrative functions not subject to the Open Meetings Act, pursuant to Section 3-104 of the General Provisions Article of the Annotated Code of Maryland.

ACTION: MR. ZIMMERMAN made a motion, seconded by VICE CHAIRMAN CICHY to adjourn the Board meeting of February 2, 2021. The motion PASSED unanimously (11-0). (Motion #21-15)

The Board meeting of February 2, 2021 adjourned at 10:59 a.m.

Respectfully,

Heather D. Van Wagner *Andrea L. Rose*

Heather D. Van Wagner
Senior Administrative Specialist

Andrea L. Rose
Administrator