



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

**REGULAR BOARD OF TRUSTEES MEETING  
MINUTES**

**Tuesday, April 7, 2020; 10:00 a.m.**  
**Suite 204, Secretary-Treasurer's Office**  
**and via teleconference call**

Due to COVID-19 the Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees ("Board") met via teleconference call with the ERS Administrator and M-NCPPC Secretary-Treasurer leading the call from Suite 204 at its office building in Riverdale, Maryland on Tuesday, April 7, 2020 and the meeting was called to order at 10:00 a.m. by CHAIRMAN HEWLETT. Presenters and the public were invited to join the meeting via teleconference call.

**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 left at 11:26 a.m.  
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio joined at 11:28 a.m./left at 11:50 a.m.  
Melissa D. Ford, Prince George's County Open Trustee  
Pamela F. Gogol, Montgomery County Public Member left at 11:50 a.m.  
Caroline McCarthy, Montgomery County Open Trustee  
Amy Millar, MCGEO Represented Trustee  
Sheila Morgan-Johnson, Prince George's County Public Member  
Elaine A. Stookey, Bi-County Open Trustee  
Joseph C. Zimmerman, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

**ERS Staff Present**

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

**Presentations**

Wilshire Associates - Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst  
M-NCPPC Legal Department – William C. Dickerson, Principal Counsel and Tracy Harvin, Senior Counsel

CHAIRMAN HEWLETT opened the meeting asking everyone to remain hopeful and positive as we take care of ourselves and our families during this uncertain pandemic time and she wished VICE CHAIRMAN CICHY a happy early birthday.

**ITEM 1**

**APPROVAL OF THE APRIL 7, 2020 CONSENT AGENDA**

- A. Approval of the April 7, 2020 Board of Trustees Meeting Agenda
- B. Minutes of Open Session, March 3, 2020
- C. Minutes of Closed Session, March 3, 2020 (Confidential)
- D. Disbursements Granted Report – February 2020

**TRUSTEES ONLY**

**ACTION:** MS. FORD made a motion, seconded by VICE CHAIRMAN CICHY to approve the Consent Agenda. The motion PASSED unanimously (10-0). (Motion #20-17)

**ITEM 2 CHAIRMAN'S ITEMS**

The Board welcomed Caroline ("Carrie") McCarthy the new Montgomery County Open Trustee.

**ITEM 3 MISCELLANEOUS**

None reported.

**ITEM 4 REPORT OF ADMINISTRATOR**

Andrea Rose presented the Administrator's Report dated March 31, 2020. In accordance with Article 6.4 of the Board of Trustees' Rules of Procedure, the Board must expressly authorize certain actions without a meeting in person. Given the COVID-19 pandemic, Ms. Rose is requesting the Board expressly authorize the following for action by Special or Regular Meeting via teleconference, video conference or by unanimous consent:

- 1) In accordance with the Investment Consulting Services Agreement with Wilshire Associates, the initial term was for a three-year period ending July 1, 2020, with two one-year extensions at the sole option of the ERS. The Board will need to take action in the near term to extend the Consulting Services Agreement for a one-year term ending July 1, 2021.
- 2) The Administration & Personnel Oversight Committee is expected to review a recommendation from staff in the near term regarding the FY2021 Operating Budget and to make a recommendation to the Board for approval of same.
- 3) Montgomery County Commissioner - The Board needs to acknowledge the appointment of the Montgomery County Commissioner appointed by the Commission for the term ending June 30, 2023.
- 4) The Montgomery County & Prince George's County Public Members are appointed by the Commission and serve at the pleasure of the Commission. The Administration & Personnel Oversight Committee is expected to review letters of interest and resumes and make a recommendation in the near future. The Board of Trustees makes a final recommendation to the Commission for appointment. Letters of Interest, including resumes are due April 10, 2020 by 5:00 p.m.

**ACTION:** MS. GOGOL made a motion, seconded by VICE CHAIRMAN CICHY to authorize the following for action by Special or Regular Meeting via teleconference, video conference or by unanimous consent: 1) extension of the Investment Consulting Services Agreement with Wilshire Associates for a one-year term ending July 1, 2021; 2) approval of the FY2021 Operating Budget; 3) acknowledgment of the Montgomery County Commissioner for the term ending June 30, 2023; and 4) recommendation for the appointments of the Prince George's County and Montgomery County Public Members for the terms ending June 30, 2023. The motion PASSED unanimously (10-0). (Motion #20-18)

Ms. Rose provided an operational update to the Board. Prior to COVID-19, only two of the nine ERS positions were consistently teleworking and/or capable of telework. In a matter of three weeks, five positions were ramped up to telework 100% of the time. The processing of all accounting, payroll and accounts payable functions have been entirely transformed to electronic processes. All staff have stepped up to the challenge of telework and are adapting. While many processes are slower now, most are expected to be more efficient over time as staff adapt. The biggest challenge remains the processing of retirements, death benefits and requests for withdrawal or rollover of funds which are paper/file dependent. Three employees are working in the office on a rotational schedule (less than two days per week) to ensure members receive benefits. Delays are inevitable due to the condensed onsite work schedule, but employee health and safety remains a primary concern. Estimate requests have been suspended. Counseling for retirement is conducted via phone and staff are working with the IT and legal departments on an electronic process for submission of paperwork for those retiring.

Given that COVID-19 may not resolve within weeks or months, staff are attempting to adhere to the pension software administration system project deadlines in order to go-live in the fall of 2020.

Ms. Rose said staff are in discussions with the IT Department about using Zoom and GoTo Meeting. Board members had concerns about Zoom and suggested Ms. Rose consider using either Teams or GoToMeeting for future Board and Committee meetings.

CHAIRMAN HEWLETT reminded Board members to complete their Financial Disclosure Statements and submit by April 30, 2020.

## **ITEM 5           MANAGER REPORTS/PRESENTATIONS**

### **Wilshire Associates**

Presentations by Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst

Brad Baker presented a Market Recap as of April 6, 2020 and a Market and Portfolio Update as of March 31, 2020 which included an investment performance update. The ERS' portfolio is down an estimated \$80.4 million (-11.45%) Year-to-Date 2020.

The ERS' portfolio return is down -6.32% while the policy index return is down -8.06% on a fiscal-year-date basis Ms. Rose requested the ERS' actuary, Cheiron, project employer contributions for the July 1, 2020 Actuarial Valuation based on the portfolio return of -6.32%. If there are no other changes for the fiscal year, the recommended employer contribution is estimated at \$22 million versus an employer contribution of \$19.2 million which is at the baseline portfolio return of 6.85%. The contributions gradually increase the first couple of years while the investment loss is phased in before leveling off. Future results may differ significantly from this estimate to the extent that future experience differs from the actuarial assumptions.

Mr. Baker reviewed the fund's cash and liquidity needs and is comfortable with the level of cash on hand for benefit payments and expenditures. Mr. Baker provided the following updates related to investment managers. 1)The Principal U.S. Property Fund instituted a withdrawal limitation to proactively protect all investors; 2) CSM Advisors (formerly C.S. McKee) communicated the downgrade of Occidental Petroleum Corporation in the portfolio and notified the ERS corrective action would be taken within 6 months in accordance with the investment guidelines; 3) PGIM Emerging Market Debt Fund was funded with approximately \$45 million on March 23, 2020. PGIM was able to partially pair outflows with the inflows to

minimize any direct trading costs; and 4) The Northern Trust Securities Lending program continues to function efficiently with no disruption to lending activity or immediate liquidity concerns or reduction in supply. Wilshire is comfortable from a risk perspective and will continue to monitor.

Mr. Baker said the ERS' portfolio is positioned well and has no recommendations at this time.

MS. MORGAN-JOHNSON said DC Retirement is having a weekly call with the ERS' custodian bank, Northern Trust, for updates on the STIF account and reports no impairment

MS. MORGAN-JOHNSON reported the IRS temporarily closed the Philadelphia office so the processing of Form 8802 to reclaim taxes has been put on hold.

Mr. Baker reported on "TALF" (Term Asset-Backed Securities Loan Facility) which is a credit facility authorized under section 13(3) of the Federal Reserve intended to help meet the credit needs of consumers and small businesses by facilitating the issuance of asset-backed securities ("ABS") and improving market conditions for the ABS market more generally.

TALF was originally created in 2008 during the market crisis to relaunch the securitized market. TALF 2020 is created to increase new issuance of ABE securities for financing of consumer purchases and small business loans. Mr. Baker said TALF is definitely worth the Board's consideration and additional due diligence with a leverage ratio of 10-1. If there is interest, Wilshire will provide additional information for discussion at its' next meeting. With a closing date at the end of September 2020 timing is important.

Ms. Rose asked legal counsel if the Board must expressly authorize investing in TALF without a meeting in person by Special or Regular Meeting via teleconference, video conference or by unanimous consent. Bill Dickerson, Principal Counsel, said a motion is needed.

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. MILLAR to expressly authorize for action by Special or Regular Meeting via teleconference, video conference or by unanimous consent the discussion and any actions related to investment in TALF. The motion PASSED unanimously (10-0). (Motion #20-19)

## ITEM 6

### CLOSED SESSION

At 11:26 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 §305(b)(1) to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; and for any other personnel matter that affects one or more specific individuals; Section §305(b)(7) to consult with counsel to obtain legal advice pursuant to; and, Section §305(b)(10) to discuss the development and implementation of emergency plans.

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to go into Closed Session. The motion PASSED unanimously (10-0). (Motion #20-20)

MR. BROWN left the meeting at 11:26 a.m.

MS. CHIANG-SMITH joined the meeting at 11:28 a.m.

During Closed Session, the following action was taken:

1. The Board approved Resolution No. 2020-1 authorizing additional back-up to act in emergency situations, including the COVID-19 pandemic, if both the Administrator and Secretary-Treasurer are unavailable.
2. The Board approved an Amendment to the Rules of Procedure for catastrophic emergencies where a quorum of the Board is not reasonably available.

The Board moved back into Open Session at 11:50 a.m.

MS. GOGOL and MS. CHIANG-SMITH left the meeting at 11:50 a.m.

**ACTION:** MS. STOOKEY made a motion, seconded by VICE CHAIRMAN CICHY to ratify the actions taken in Closed Session. The motion PASSED unanimously (9-0). (Motion #20-23)

The Board meeting of April 7, 2020 adjourned at 11:53 a.m.

Respectfully,

*Heather D. Van Wagner*

Heather D. Van Wagner  
Senior Administrative Specialist

*Andrea L. Rose*

Andrea L. Rose  
Administrator