



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

**BOARD OF TRUSTEES MEETING  
MINUTES  
Tuesday, January 5, 2021; 10:00 a.m.  
via Microsoft Teams**

Due to COVID-19, the Maryland-National Capital Park and Planning Commission Employees' Retirement System 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, January 5, 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  
Pamela F. Gogol, Montgomery County Public Member  
Caroline McCarthy, Montgomery County Open Trustee  
Amy Millar, MCGEO Represented Trustee (Stepped away from 10:01 – 10:20 a.m.)  
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

**Board Members Not Present**

Melissa D. Ford, Prince George's County Open Trustee

**ERS Staff Present**

Andrea L. Rose, Administrator  
Sheila S. Joynes, ERS Accounting Manager

**Presentations**

M-NCPPC Legal Department – Tracey Harvin, Senior Counsel  
Wilshire Associates – Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst

MS. MILLAR joined meeting then stepped away at 10:01 a.m.

**ITEM 1 APPROVAL OF THE JANUARY 5, 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 #21-01)

**ITEM 2 CHAIRMAN'S ITEMS**

**ITEM 3 MISCELLANEOUS**  
No items reported.

MS. MILLAR returned at 10:20 a.m.

**ITEM 4 MANAGER REPORTS/PRESENTATIONS****Wilshire Associates****Presentations by Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst**

Wilshire Associates provided a Quarterly Investment Summary for the quarter ending September 30, 2020. Mr. Baker provided a capital market review and reported on the fund's performance. The ERS' total fund return was 3.1% (net of fees) for the quarter, underperforming the target policy index return of 5.0%. For the one, three, five, and ten-years ended September 30, 2020 the ERS fund return was -3.4%, 5.3%, 8.0%, and 7.4%, respectively, compared to the target policy return of 6.4%, 5.9%, 7.8%, and 7.2%, respectively. The total market value through September 30, 2020 was \$978.5 million.

The current low rate environment imposes significant challenges, through lower expected returns, and related pressure to take on greater levels of risk. The ERS is at an assumed 6.8% rate of return which is well below 7.5% for most. The only way for plans to achieve the 7.5% hurdle is to take on increased risk. Wilshire is forecasting growth going forward. The ERS portfolio is balanced and, on a go-forward basis, the ERS has an all-weather portfolio which is expected to perform well.

**ITEM 5 COMMITTEE REPORTS/PRESENTATIONS****A. Investment Monitoring Group****Presentation by Andrea L. Rose, Administrator**

- i. Regular Report of December 15, 2020
- ii. Confidential Report of December 15, 2020

At the Investment Monitoring Group (IMG) meeting of December 15, 2020, the IMG met with Wilshire Private Markets for a performance review on the ERS' private equity portfolio. Wilshire committed \$105 million (33 underlying partnerships) to two separate accounts, Series I and Series II which are diversified across vintage year, strategy and region. All funds are under \$2 billion in size and 63% are emerging and/or minority owned. In terms of performance, the net combined IRR is 14.3% with a 1.59 TVPI as of September 30, 20120. This equates to 790 bp of outperformance compared to the MSCI ACWI since inception.

The ERS' private equity portfolio is very well-positioned, and Wilshire is performing a COVID risk analysis on every position in the portfolio. Wilshire believes 2020 may be one of the strongest years due to the inefficiencies and opportunities in the market.

Wilshire performed an analysis of the private equity benchmark and indicated benchmarking private assets is not as straightforward as public assets. Mr. Baker recommended continuing to utilize the MSCI ACWI Index + 3% for the primary benchmark for private equity at the manager, asset class and total fund level. In addition, Mr. Baker recommended adding a secondary benchmark that is provided by the Thomson One on a quarterly basis that would help minimize tracking error and provide a more "apples to apples" comparison of other like private equity portfolio returns. The IMG agreed with Mr. Baker. Ms. Rose and MS. MORGAN-JOHNSON agreed official action by the IMG and/or Board was not required to simply add an additional benchmark to the reporting.

## **B. Administration & Personnel Oversight Committee**

### **Presentation by Joseph C. Zimmerman, CPA and Andrea L. Rose, Administrator**

#### **i. Regular Report of December 15, 2020**

At the December 15, 2020 Administration & Personnel Oversight Committee (“Personnel Committee”) meeting, staff reported the team was in a 6-week user acceptance testing (UAT) period for the new pension software administration system. Nine months into the pandemic, with rising retirement, death and withdrawal transactions, the team was exhausted. The Administrator was exploring options for extending UAT, parallel and bringing in an extra set of hands. The Personnel Committee recommended the Administrator move quickly in exploring options.

Ms. Rose reported on January 5, 2021 that Levi, Ray & Shoup provided a one-month extension (free of charge) for UAT. Additionally, the Chairman signed an Emergency Waiver for the Procurement of Services. The ERS is temporarily bringing on an extra set of hands to assist with analysis and account reconciliations, primarily during the parallel processing period.

During the pandemic there has been a rise in criminal cyber activity, including ransomware attacks. To that end, staff explored additional coverage limits. Staff recommended an increase from the existing \$2 million policy to a \$3 million cyber policy with increased sublimits for computer fraud and funds transfer fraud. Note, the ERS has a crime policy as well, to supplement the computer and funds transfer fraud.

The Personnel Committee concurred with staff and recommended the Board approve an increase from the existing \$2 million policy to a \$3 million cyber policy with increased sublimits for a premium of \$15,731.

**ACTION:** MS. GOGOL made a motion, seconded by MS. MILLAR to approve an increase from the existing \$2 million policy to a \$3 million cyber insurance policy with increased sublimits for a premium of \$15,731. The motion PASSED unanimously (10-0). (Motion #21-02)

## **ITEM 6**

### **REPORT OF THE ADMINISTRATOR**

#### **Presentation by Andrea L. Rose, Administrator**

#### **Administrator’s Report dated December 22, 2020**

In mid-2020, the ERS granted Social Distancing Leave to ERS employees. Use of this leave was set to expire on December 31, 2020. The Commission extended expiration for Merit employees to use their remaining Social Distancing Leave balances through June 30, 2021. The Administrator recommended the same for ERS staff.

**ACTION:** MS. CHIANG-SMITH made a motion, seconded by VICE CHAIRMAN CICHY to grant ERS employees an extension to utilize unused Social Distancing Leave

through June 30, 2021. The motion PASSED unanimously (10-0). (Motion #21-03)

**ITEM 7            CLOSED SESSION**

At 11:45 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 the investment of public funds and 3-305(b)(7) to consult with counsel to obtain legal advice.

**ACTION:**        VICE CHAIRMAN CICHY made a motion, seconded by MS. CHIANG-SMITH to go into Closed Session. The motion PASSED unanimously (10-0). (Motion #21-04)

During Closed Session, the following action was taken:

1. Approved Consent to Assignment for the Investment Advisory Agreement with Eaton Vance Management.

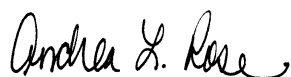
The Board moved back into Open Session at 11:54 a.m.

**ACTION:**        VICE CHAIRMAN CICHY made a motion, seconded by MS. CHIANG-SMITH to ratify the actions taken in Closed Session. The motion PASSED unanimously (10-0). (Motion #21-07)

**ACTION:**        MS. CHIANG-SMITH made a motion, seconded by VICE CHAIRMAN CICHY to adjourn the Board meeting of January 5, 2021. The motion PASSED unanimously (10-0). (Motion #21-08)

The Board meeting of January 5, 2021 adjourned at 11:55 a.m.

Respectfully,



Andrea L. Rose  
Administrator