



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

**BOARD OF TRUSTEES MEETING  
MINUTES  
Tuesday, March 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, March 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  
Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio  
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  
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

**Presentation**

Wilshire Associates’ Bradley A. Baker, Managing Director, and Martell McDuffy, Senior Analyst

**Others Present**

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

**ITEM 1 APPROVAL OF THE MARCH 2, 2021 CONSENT AGENDA**

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MS. MILLAR to approve the Consent Agenda. The motion PASSED unanimously (10-0). (Motion #21-16)

**ITEM 2 CHAIRMAN’S ITEMS**

No items reported.

**ITEM 3 MISCELLANEOUS**

No items reported.

## ITEM 4 MANAGER REPORTS/PRESENTATIONS

### A. Wilshire Associates

#### **Presentation by Bradley A. Baker, Managing Director, and Martell McDuffy, Senior Analyst**

Wilshire Associates' Brad Baker provided a Quarterly Investment Summary for the quarter ending December 31, 2020 which included a capital market review and the fund's performance. The ERS' total fund return was 8.9% (net of fees) for the quarter, outperforming the target policy index return of 8.1%. For the one, three, five, and ten-years ended December 31, 2020 the ERS fund return was 8.1%, 7.1%, 9.4%, and 7.7%, respectively, compared to the target policy return of 10.1%, 7.5%, 9.1%, and 7.5%, respectively. The total market value through December 31, 2020 was \$1.1 billion.

The Added Value History summary reflected not only the more conservative nature of the ERS' portfolio to protect in down markets, but the portfolio's ability to participate in up markets. In terms of peer comparisons, the ERS ranked well below peers with respect to returns. This was not unexpected given that asset allocation drives a plan's return and peers have much higher allocations to equities. Although the ERS had 3<sup>rd</sup> quartile returns, the ERS' Sharpe ratio was greater than 90% of peers with risk less than 90% of other pension plans.

Overall, Wilshire was pleased with the ERS portfolio's response in 2020. The investment managers did a really good job of navigating the markets. Wilshire did not recommend any changes to strategy or underlying investment managers. The last asset/liability study was performed in 2019 with the next one planned for late 2021 or early 2022.

## ITEM 5 REPORT OF ADMINISTRATOR

### **Presentation by Andrea L. Rose, Administrator Administrator's Report dated February 19, 2021**

Andrea Rose presented the Administrator's Report dated February 19, 2021.

In accordance with the Pension Funding Policy, at least every 5 years the actuary performs an Experience Study and reviews the Pension Funding Policy (the "Policy") for any necessary modifications. One of the primary funding objectives of the Policy, is to minimize the volatility of the employer's annual contribution rate as a percentage of covered pay by smoothing investment gains and losses over a period of five years.

In conversations with the Administrator, Cheiron recommended exploring alternative methods to dampen contribution volatility as part of the Experience Study and estimated a fee of \$2,500. Cheiron plans to explore a corridor approach for the contribution rate, amortizing future unfunded liability gains and losses in new layers each year, and a combination of the two methods. Cheiron's projection model has the ability to review various future investment returns to in order to see how the contribution and funded status is impacted by the changes.

While the scope of work was not included in the FY2021 Operating Budget, staff anticipate savings and recommend exploring alternative methods to dampening contribution volatility as part of the Experience Study.

**ACTION:** MS. GOGOL made a motion, seconded by VICE CHAIRMAN CICHY to approve exploring alternatives to dampening contribution volatility as part of the Experience Study. The motion PASSED unanimously (10-0). (Motion #21-17)

Ms. Rose requested Board approval for a 1.2% Cost-of-Living Adjustment (COLA) for retirees and beneficiaries effective July 1, 2021. In accordance with the Provisions of the Employees' Retirement System, the COLA was calculated using data from the Consumer Price Index for All Urban Consumers (CPI U) at December 2020. All retirees and beneficiaries receiving annuities for at least six months are eligible for the COLA.

**ACTION:** VICE CHAIRMAN CICHY made a motion, seconded by MR. ZIMMERMAN to approve a 1.2% Cost-of-Living Adjustment Effective July 1, 2021 for Eligible Retirees and Beneficiaries in Accordance with the Provisions of the Employees' Retirement System. The motion PASSED unanimously (10-0). (Motion #21-18)

## ITEM 6

### **COMMITTEE REPORTS/PRESENTATIONS**

#### **A. Investment Monitoring Group**

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

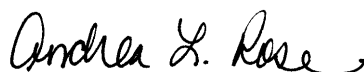
##### i. Regular Report of February 16, 2021

At the Investment Monitoring Group (IMG) meeting of February 16, 2021, the IMG met with Principal Global Investors' Meighan Phillips, Managing Director, Portfolio Management, and Greg Pittenger, Managing Director, Institutional Sales & Relationship Manager, for a performance review.

Principal Global Investors ("Principal") has \$88.1 billion in assets under management with \$34.6 billion in private equity assets as of December 31, 2020. There have been no changes to the U.S. Property account portfolio management team. The portfolio is well-diversified by property type, industrial, multifamily, office and retail. Principal remains an active core anchor for the ERS' private real assets allocation with high quality investments and predictable returns. Cumulative performance (net of fees) was 0.6%, 4.85%, and 6.31% for the one-year, three-year and five-year periods ending December 31, 2020 compared to the NCREIF ODCE Index returns of 1.56%, 5.26% and 6.9%, respectively.

The Board meeting of March 2, 2021 adjourned at 11:30 a.m.

Respectfully,



Andrea L. Rose  
Administrator