

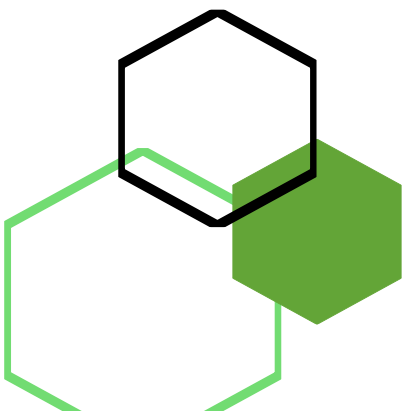
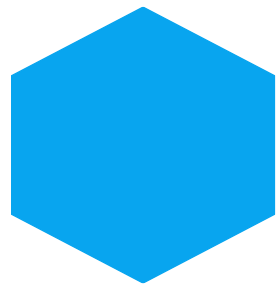


Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2021

EMPLOYEES' RETIREMENT SYSTEM

The Maryland-National Capital Park and Planning Commission



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

This Popular Annual Financial Report summarizes the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System’s (ERS) more detailed 2021 Annual Comprehensive Financial Report (ACFR) which is prepared in conformity with generally accepted accounting principles. The ACFR provides in-depth information about the financial, investment, and actuarial aspects of the ERS.

The ACFR is available online at <http://ers.mncppc.org> under the Forms and Publications tab or at the ERS office.

About the Employees’ Retirement System

The Commission is a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927.

To provide its employees with financial security at retirement, on July 1, 1972 the Commission established the ERS, a single employer defined pension plan, in accordance with a Trust Agreement between the Commission and the ERS Board of Trustees (the “Board”). The Trust Agreement sets forth the powers, duties, and liabilities of the Board as they administer the Trust Fund from which members of the ERS receive retirement benefits. The Commission retains the power to amend or terminate the ERS but may not alter the powers of the Board without its consent.

The ERS consists of five defined benefit pension plans sponsored by the Commission for its employees. Three of the Plans, A, B, and D are closed, and two Plans, C and E, are open for park police and general employees, respectively. The ERS provides normal and early retirement benefits, spouse and children survivor benefits, active member death benefits, and post-retirement death benefits for its members.

The administrative operations of the ERS are the responsibility of the administrator and the staff who are employed by the Board.

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MISSION

To prudently manage, protect, diversify, and administer the Fund for the sole benefit of its members and beneficiaries and to ensure sufficient assets are available to pay the promised benefits.

CORE VALUES

Quality Customer Service
Accountability and Transparency
Professionalism and Respect
Trustworthiness and Stewardship

A LETTER TO OUR MEMBERS



Elizabeth M. Hewlett
Chairman

Andrea L. Rose
Administrator



GROWTH & PROTECTION FOR THE FUTURE

To Our Members, Retirees and Beneficiaries:

We are pleased to present the 2021 Popular Annual Financial Report (“Annual Report”) for the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System (ERS). This Annual Report summarizes the more detailed Annual Comprehensive Financial Report (ACFR) which is available on the ERS Website, <http://ers.mncppc.org>. More important, this report provides key statistics to help you understand the financial health of the ERS.

For a second year, the COVID-19 pandemic continued to disrupt the economy, creating challenges, as well as opportunities, for pension plans. The Board of Trustees (“Board”) met this challenge by staying informed and making strategic changes, where warranted, to ensure the continued growth and diversification of the portfolio. To that end, the Board selected HarbourVest Credit Opportunities Fund II, LP to manage a \$52.5 million allocation to private credit; approved a transition from the Loomis Sayles Full Discretion Trust to the Loomis Sayles US High Yield Bond Trust; and approved a third private equity commitment of \$45 million to Wilshire Private Markets.

The ERS portfolio performed considerably well following the market volatility experienced during the shutdown in 2020. Portfolio performance for the one-year ending June 30, 2021 was 21.5% versus 20.4% for the policy index. Returns for the 3-years, 5-years, and 10-years ending June 30, 2021 were 9.6%, 10.3%, and 8.0% respectively, versus the policy index of 9.8%, 10.3%, and 8.0% respectively. Strong equity markets combined with a maturing private equity portfolio contributed to returns during these longer time periods.

While pleased with recent performance, the Board approved a reduction in the investment return assumption from 6.85% to 6.80% for Fiscal Year 2021, determining that the reduction was not only consistent with continued trends across the U.S., but prudent given the uncertainty of the financial markets caused by the ongoing pandemic. The Board remains committed to improving and maintaining the strength of the ERS to ensure assets are available to pay the promised benefits to our members.

We thank our committed Board members and consultants who diligently safeguard the assets of the ERS. We also thank our dedicated staff who have been working tirelessly for our members throughout the protracted pandemic. Finally, we thank our members for your continued patience and understanding as we all continue to navigate these challenging times.

Warmest Regards,

Elizabeth M. Hewlett
Chairman, Board of Trustees

Andrea L. Rose
Administrator

BOARD OF TRUSTEES & ERS STAFF

The Board is charged with the fiduciary responsibility for administering the benefits for the sole benefit of the members and beneficiaries of the ERS. The Board prudently invests the assets and manages the ERS with the objective of ensuring that sufficient assets will be available to fund the benefits when due.

The Board consists of 11 appointed and elected members. Trustees serve for three-year terms. Generally, the Board meets on the first Tuesday of every month, except August. Board meetings are open to all members and the public.

The administrative operations of the ERS are the responsibility of the administrator and staff employed by the Board. Current events and announcements regarding the ERS are posted on the ERS' website and in the Commission's monthly newsletter, *Update*.

The Board of Trustees

(as of June 30, 2021)

Elizabeth M. Hewlett, Chairman

Prince George's County Commissioner
Term expires: 6/30/2022

Gerald R. Cichy, Vice Chairman

Montgomery County Commissioner
Term expires: 6/30/2023

Asuntha Chiang-Smith

Executive Director
Ex-Officio

Howard Brown

FOP Represented Trustee
Term expires: 6/30/2022

Melissa D. Ford

Prince George's County Open Trustee
Term expires: 6/30/2024

Pamela F. Gogol

Montgomery County Public Member
Term expires: 6/30/2023

Amy Millar

MCGEO Represented Trustee
Term expires: 6/30/2022

Sheila Morgan-Johnson

Prince George's County Public Member
Term expires: 6/30/2023

Caroline McCarthy

Montgomery County Open Trustee
Term expires: 6/30/2024

Elaine A. Stookey

Bi-County Open Trustee
Term expires: 6/30/2023

Joseph C. Zimmerman, CPA

Secretary-Treasurer
Ex-Officio

ERS Staff

Andrea L. Rose

Administrator

Vacant

Senior Administrative Specialist

Member Relations Team

Antonia L. Lanier

Member Relations Manager

Lisa D. Butler

Senior Retirement Benefits Analyst

Annette E. Silvestri

Retirement Benefits Analyst

Christopher Baysmore

Member Relations Assistant

Technical Services

Sheila S. Joynes

Accounting Manager

Charles M. Curtis, Jr.

Accountant

Ann L. McCosby

IT Systems Manager

MEMBER SERVICES & RESOURCES

The ERS is the Commission's primary retirement plan for its employees. The ERS is a defined benefit plan which means the benefit paid at retirement is a guaranteed benefit, based on salary and credited service. The benefits are not determined by employee contributions or investment earnings.

Detailed information regarding membership and retirement benefits can be found in the Summary Plan Description (SPD). SPDs are available for each plan and provide a detailed look at the benefit formula, eligibility requirements, contributions, credited service, and death benefits. SPDs can be found on the ERS' website <http://ers.mncppc.org>, along with other valuable information.



The ERS provides the resources below to help members plan for a secure retirement.

- Onsite Workshops
- One-on-One and Retirement Counseling
- Annual Benefit Statement
- Popular Annual Financial Report
- Annual Comprehensive Financial Report
- Summary Plan Description
- Plan Document
- Articles published in the Commission's *Update* Newsletter - ERS Lifetimes
- Retirement Benefit Estimate

The Member Relations Team is available by email or phone to answer retirement related questions or by appointment for a retirement counseling session. Due to the COVID-19 pandemic some services have been temporarily suspended while others have been modified to ensure the health and safety of staff and members. Information can also be accessed via the ERS' website, <http://ers.mncppc.org>.

QUESTIONS? CONTACT US.

Employees' Retirement System

The Maryland-National Capital Park and Planning Commission
6611 Kenilworth Avenue, Suite 100
Riverdale, Maryland 20737

Telephone: 301-454-1415
Fax: 301-454-1420
Email: contactERS@mncppc.org

Office Hours
Monday-Friday
8:00 a.m. to 5:00 p.m.

Visit us on the web at <http://ers.mncppc.org>

Total Membership

as of July 1,

	2020	2019	& CHANGE
Total Membership	4,592	4,429	3.7
Active	2,225	2,123	4.8
Retirees, Beneficiaries, and Disabled	1,687	1,645	2.6
Inactive Non-Vested	449	426	5.4
Inactive Vested	231	235	(1.7)
Active Members	2,225	2,123	4.8
Average Age	47.06	47.24	(0.4)
Average Years of Service	11.07	11.5	(3.7)
Average Annual Salary	\$77,477	\$75,469	2.7
Active Members Eligible for Normal Retirement within the Next 5 Years	662	673	(1.6)
Number Receiving Benefits	1,662	1,609	3.3
Average Monthly Benefit	\$2,800	\$2,779	0.8
Average Final Average Salary	\$67,638	\$66,940	1.0
Average Years of Service	22.2	22.1	0.5

Membership by Plan

as of July 1, 2020

	Plan A	Plan B	Plan C	Plan D	Plan E
Total Membership	279	2,786	339	109	1,079
Active	-	1,068	214	2	941
Retirees, Beneficiaries, and Disabled	279	1,220	82	104	2
Inactive Non-Vested	-	281	30	2	136
Inactive Vested	-	217	13	1	-

Average Monthly Benefit Payment

as of July 1, 2020

YEARS OF CREDITED SERVICE	0-5	6-10	11-15	16-20	21-25	26-30	>30	Total
Number Receiving Benefits	60	188	201	218	298	373	324	1,662
Average Monthly Benefit	\$528	\$745	\$1,176	\$1,746	\$2,886	\$3,834	\$4,861	\$2,800
Average Final Salary	\$49,999	\$50,670	\$56,197	\$61,745	\$71,161	\$75,005	\$81,015	\$67,638
Average Years of Service	4.0	8.1	13.0	18.0	23.1	28.8	33.7	22.2

FUNDING SUMMARY

The funded ratio is a measure of a plan's health and is a gauge of progress in accumulating assets to pay the promised benefits. The funded ratio can change annually based on changes in liabilities, investment returns, actuarial assumptions, employee demographics, and more. Analysis of the trend overtime indicates whether the ERS is becoming stronger or weaker. The upwards trend since 2011 is a positive sign. The ERS' ability to provide benefits is strong and secure because the Commission has consistently funded the plan in both the good and bad years.

Valuation of Assets to Liabilities

as of July 1, (\$millions)

- Actuarial Value of Assets
- Actuarial Accrued Liability

% equals Funded Ratio



¹The actuarial value of assets is determined by a smoothing formula to eliminate short-term market fluctuations and will differ from the fair value of assets.

Schedule of Funding Progress

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Actuarial Accrued Unfunded Liability (b) - (a)	Funded Ratio % (a) / (b)
2011	659,362,107	761,343,000	101,980,893	86.61
2012	660,231,611	802,077,365	141,845,754	82.32
2013	690,539,998	831,199,592	140,659,594	83.08
2014	766,531,514	879,190,389	112,658,875	87.19
2015	830,052,104	887,487,374	57,435,270	93.53
2016	856,279,531	949,298,226	93,018,695	90.20
2017	899,336,519	991,624,737	92,288,218	90.69
2018	943,070,635	993,322,340	50,251,705	94.94
2019	968,142,434	1,043,820,211	75,677,777	92.75
2020	995,043,914	1,091,238,867	96,194,953	91.18

SUMMARY STATEMENTS

Summary Statements of Fiduciary Net Position

June 30, 2021 and 2020

The Summary Statements of Fiduciary Net Position are a snapshot of what the ERS owned (assets) and what the ERS owed (liabilities), and the difference (net position) which represents the funds available to pay retirement benefits.

	2021	2020	Amount of Change
ASSETS			
Investments, at fair value	\$ 1,110,049,746	\$ 956,821,830	\$ 153,227,916
Receivables	729,520	848,865	(119,345)
Securities lending collateral	39,501,241	29,250,404	10,250,837
Other assets	837,640	244,848	592,792
TOTAL ASSETS	1,151,118,147	987,165,947	163,952,200
LIABILITIES			
Payables and accrued liabilities	2,840,042	14,644,031	(11,803,989)
Payable for securities lending collateral	40,556,217	29,933,326	10,622,891
TOTAL LIABILITIES	43,396,259	44,577,357	(1,181,098)
NET POSITION	\$ 1,107,721,888	\$ 942,588,590	\$ 165,133,298

Summary Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2021 and 2020

The Summary Statements of Changes in Fiduciary Net Position are a summary of the flow of money in (additions) and out (deductions) of the ERS.

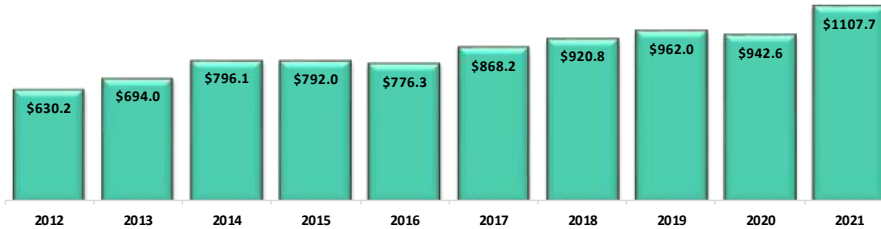
	2021	2020	Amount of Change
ADDITIONS			
Employee Contributions	\$ 8,084,657	\$ 7,796,708	\$ 287,949
Employer Contributions	22,312,947	19,244,687	3,068,260
Net investment gain	194,757,724	10,900,156	183,857,568
TOTAL ADDITIONS	225,155,328	37,941,551	187,213,777
DEDUCTIONS			
Benefit payments	57,659,732	55,067,853	2,591,879
Refunds of contributions	378,267	579,629	(201,362)
Administrative expenses	1,984,031	1,722,361	261,670
TOTAL DEDUCTIONS	60,022,030	57,369,843	2,652,187
INCREASE/ DECREASE IN NET POSITION	165,133,298	(19,428,292)	184,561,590
NET POSITION			
BEGINNING OF YEAR	942,588,590	962,016,882	(19,428,292)
END OF YEAR	\$ 1,107,721,888	\$ 942,588,590	\$ 165,133,298

FINANCIAL SUMMARY

Net Position Growth

As of June 30,
(\$millions)

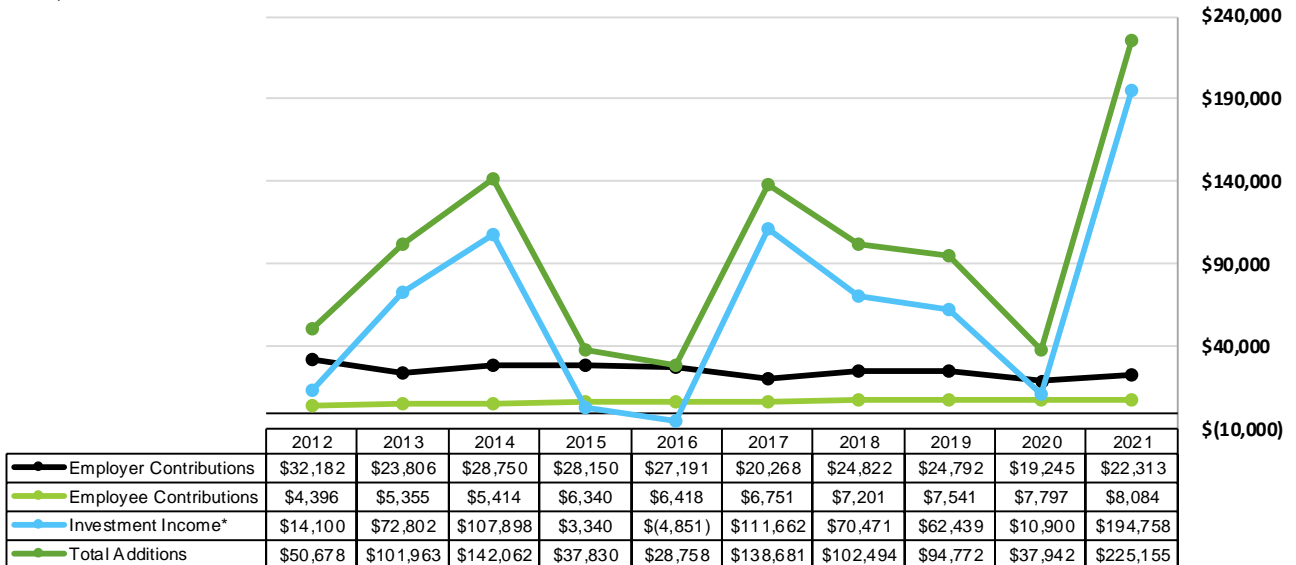
The amount accumulated to pay retirement benefits increased by 165.1 million, or 17.5%, from \$942.6 million in 2020 to \$1.11 billion in 2021 primarily due to a \$183.9 million increase in investment gains.



Employer and employee contributions as well as income from investments provide the reserves needed to pay retirement benefits, refund contributions, and administer the ERS.

Additions

For Fiscal Years Ended June 30
(\$thousands)

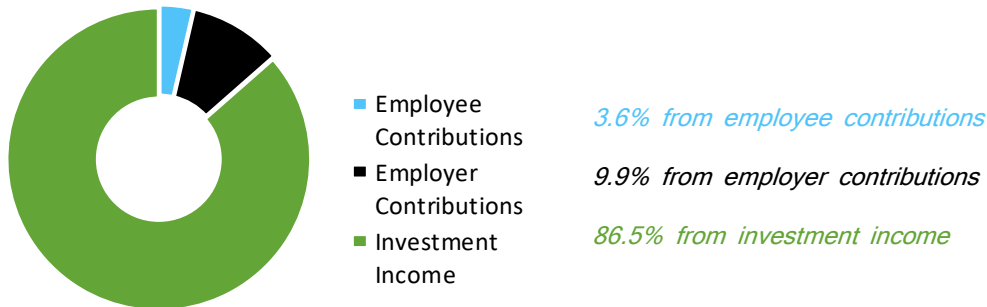


*Net of Fees

For fiscal year 2021, additions totaled \$225.2 million, an increase of \$187.2 million, or 493.4%, from the prior year. During 2021 and 2020 the employer contributions were \$22.3 million and \$19.2 million, respectively. Employee contributions increased, by \$287,949, or 3.7%, mainly due to a 4.8% increase in active members. Investment income increased \$183.9 million due to investment gains.

Additions by Source

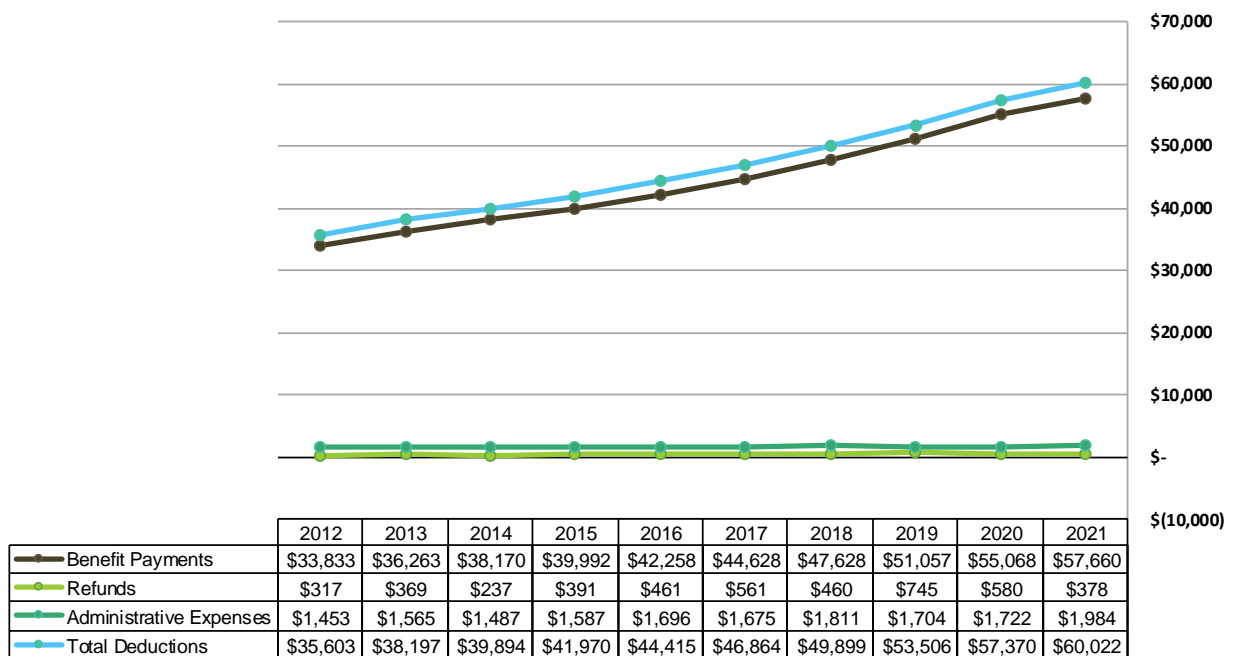
For Fiscal Year Ended June 30, 2021



The ERS was created for the principle purpose of providing retirement annuities and survivor benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to terminated employees, and the cost of administering the ERS.

Deductions

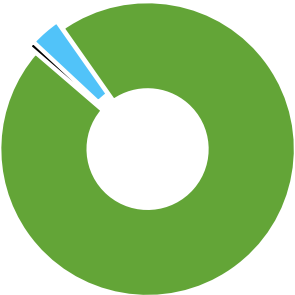
For Fiscal Years Ended June 30
(\$thousands)



For fiscal year 2021, deductions totaled \$60.0 million, an increase of \$2.7 million, or 4.6% from the prior year. As expected, the benefit payments to retirees and beneficiaries were the primary deduction in 2021, totaling \$57.7 million. The increase in benefits from 2020 reflects the 3.3% increase in retired members and beneficiaries and a 1.8% cost-of-living adjustment effective July 1, 2020. Payments to members withdrawing contributions totaled \$378,267 with the remaining \$2.0 million accounting for administrative expenses.

Deductions by Source (in thousands)

For Fiscal Year Ended June 30, 2021



- Benefit Payments
- Refunds of Contributions
- Administrative Expenses

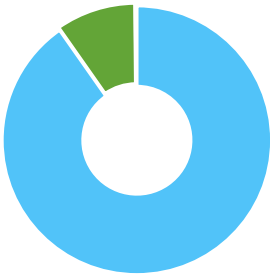
96.1% of deductions were for benefit payments

0.6% of deductions were for refunds of contributions

3.3% of deductions were for administrative expenses

Benefit Payments by Type (in thousands)

For Fiscal Year Ended June 30, 2021



- Retirees
- Survivors
- Disability Benefits*

\$52,052 was paid to retirees

\$5,525 was paid to survivors

\$83 was paid for disability benefits

*Disability retirement benefits were prospectively discontinued on August 1, 1982

ASSET ALLOCATION

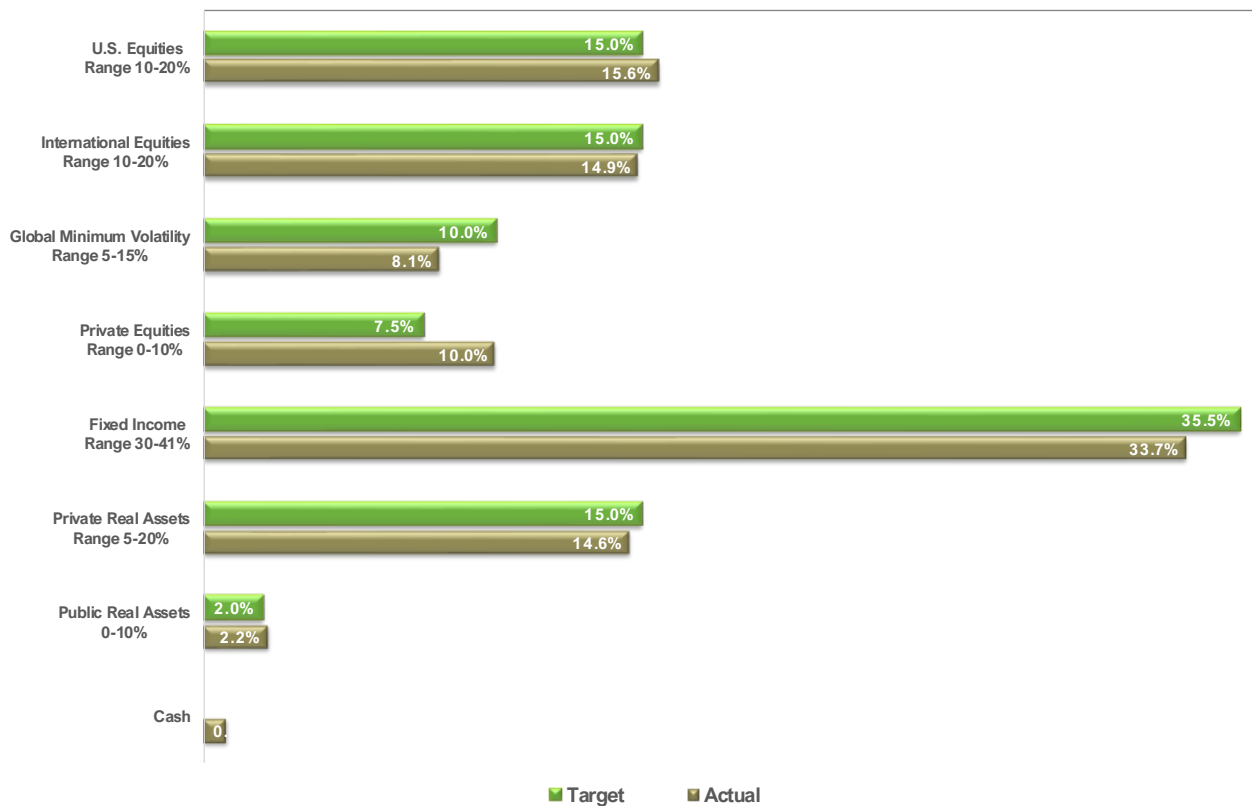
The Board oversees the ERS through a carefully planned and diversified investment portfolio. The Statement of Investment Policy outlines the ERS’ long-term objectives and investment diversification. A portfolio should be diversified at two levels: between asset classes and within asset classes. This diversification is called asset allocation.

Asset allocation involves dividing the portfolio among different asset classes such as equities, fixed income, and real assets. The goal is to balance the risk and return of the portfolio by including asset classes that move up and down under different market conditions.

Diversification within each asset class is accomplished using multiple investment managers. Each manager has a set of guidelines which outline the manager’s mission, objectives, benchmarks, authorized investments and restrictions. Annually, the Board reviews each manager’s performance against these guidelines. Please refer to the Investment Manager Matrix on page 57 of the Annual Comprehensive Financial Report.

A new asset allocation policy was approved in July 2019 to add a dedicated allocation to emerging market debt and to reduce U.S. and International Equities. This new policy was fully implemented in fiscal year 2020.

Actual Asset Allocation vs. Target Policy

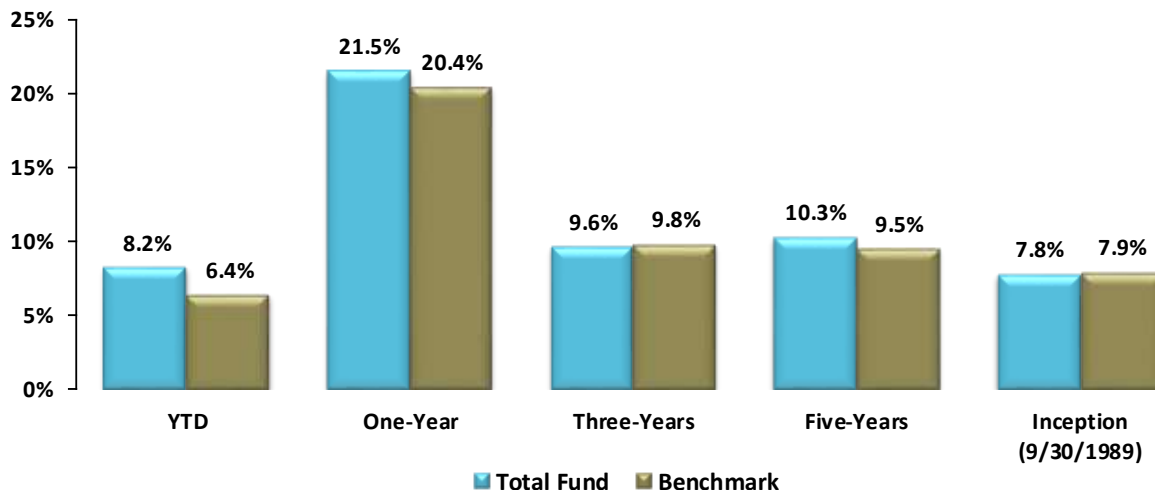


INVESTMENT PERFORMANCE

Investment returns are reported net of investment expenses, on an average annualized basis. The total fund is measured against a policy benchmark and asset classes are measured against a relevant broad market benchmark. Benchmarks are standards used to measure investment performance. The investment portfolio was valued at \$1.11 billion as of June 30, 2021.

Total Fund vs. Benchmark

As of June 30, 2021



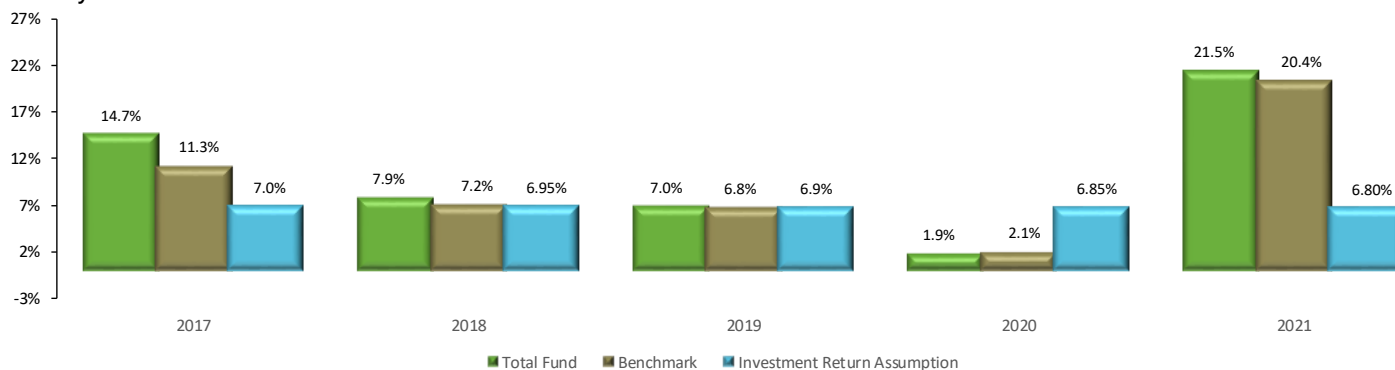
For the one-year ending June 30, 2021, the total fund returned of 21.5% compared to the policy benchmark return of 20.4% and the assumed rate of return of 6.80%. Over the past one-year period all asset classes posted positive returns, which attributed to strong absolute investment performance.

For the three-years, five-years, and since inception periods ending June 30, 2021, total portfolio returns were 9.6%, 10.3%, and 7.8%, respectively. Strong U.S. and Non-U.S. equity markets combined with a maturing private equity portfolio contributed to longer-term performance.

Total Fund vs. Benchmark and Investment Return Assumption

For Fiscal Years Ended June 30

This chart shows returns compared to the policy benchmark and investment return assumption for the last 5 years.

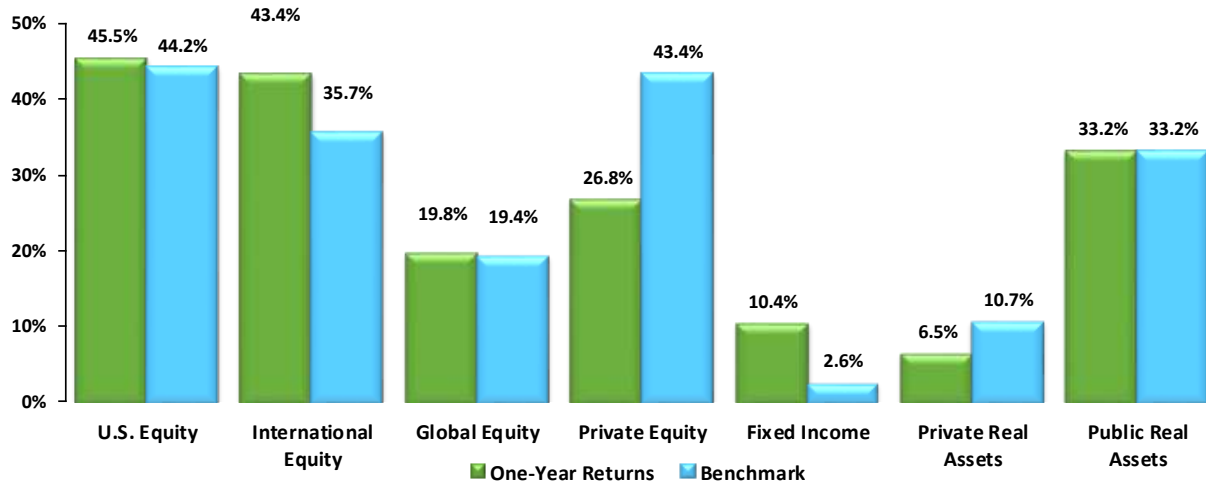


INVESTMENT PERFORMANCE

One-Year Returns vs. Benchmark by Asset Class

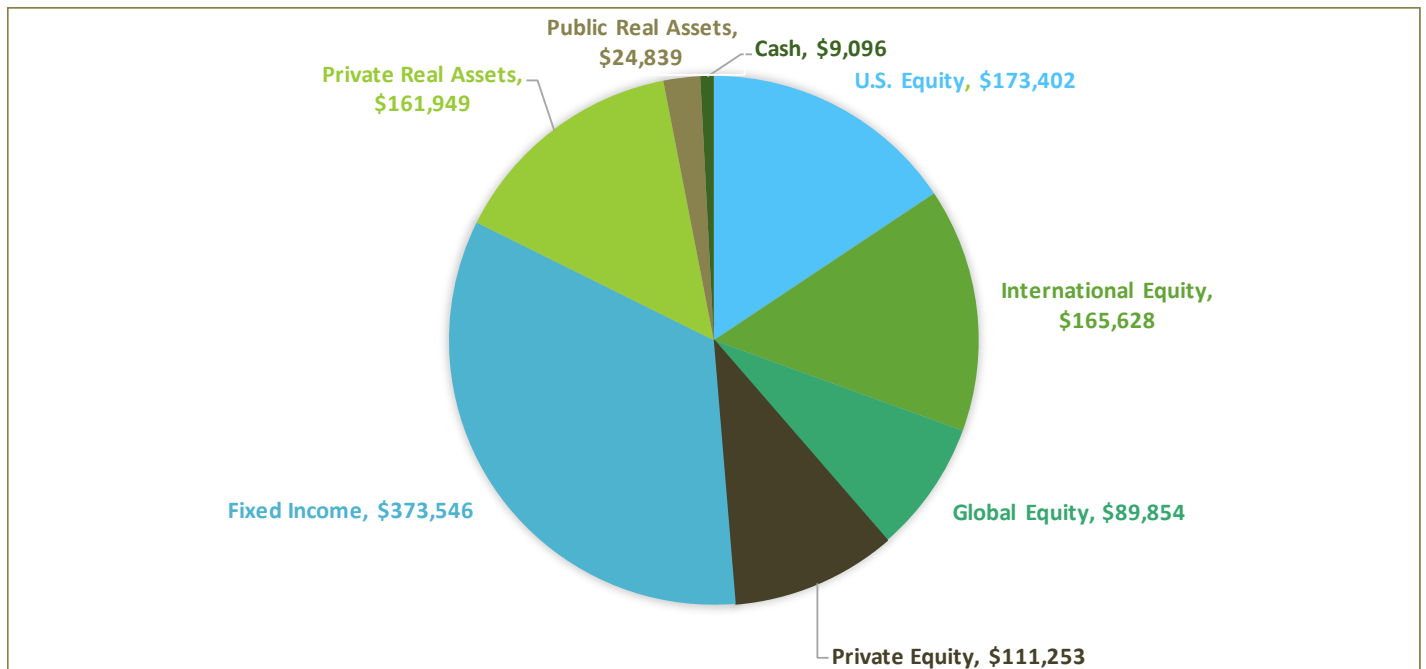
As of June 30, 2021

Individual asset classes generated the following performance for the one-year ending June 30, 2021:



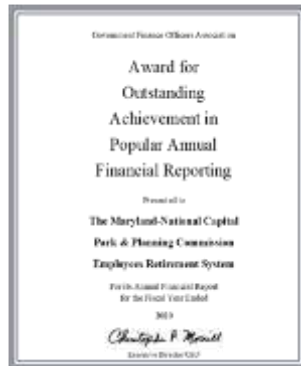
Market Value by Asset Class

As of June 30, 2021



Awards for Excellence

The ERS received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its 2020 Popular Annual Financial Report. This marks the 11th consecutive year the +ERS has received this award.



For the last 16 years, the ERS earned the Public Pension Coordinating Council's award for Funding and Administration. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark by which all public defined benefit plans should be measured.

This Popular Annual Financial Report ("Annual Report") is for informational purposes only and provides general information designed to educate employees and retirees about the Maryland-National Capital Park and Planning Commission ("Commission") Employees' Retirement System (ERS). The information found in this Annual Report should not serve as the sole or primary basis for making decisions regarding the financial, investment or funding status of the ERS. To the extent any term or figure in this Annual Report varies from the Plan Document or other governing documents, those pertinent documents will control, and the information provided in this Annual Report will not. The Plan Document and other governing documents, policies, and procedures may be modified or amended from time to time consistent with law and those amendments likewise will control. More generally, in all circumstances the governing documents, policies, and procedures, as amended from time to time, will control over any information provided by the ERS, the Commission or any agent or employee of the ERS or the Commission.