



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

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, July 2, 2024; 10:00 a.m.

Kenilworth Office Building, Riverdale, MD
(Virtual Meeting via Microsoft Teams)

The Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System (“ERS”) Board of Trustees (“Board”) met virtually with CHAIR SHAPIRO leading the meeting on Tuesday, July 2, 2024. The meeting was called to order at 10:03 a.m. by CHAIR SHAPIRO.

Board Members Present

Peter A. Shapiro, Board of Trustees Chair, Prince George’s County Commissioner
Gavin Cohen, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio
Pamela F. Gogol, Montgomery County Public Member
Caroline McCarthy, Montgomery County Open Trustee
Sheila Morgan-Johnson, Prince George’s County Public Member
Theodore J. Russell III, Prince George’s County Open Trustee
Elaine A. Stookey, Bi-County Open Trustee
Anton White, FOP Represented Trustee
Lisa Blackwell-Brown, MCGEO Represented Trustee *Joined at 10:14 a.m.*

Board Members Absent

Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio
James Hedrick, Board of Trustees Vice Chair, Montgomery County Commissioner

Others Present

Michael “Wes” Aniton, M-NCPPC Office of the General Counsel, Deputy General Counsel

ERS Staff Present

Andrea L. Rose, Executive Director
Jaclyn Harris, Deputy Executive Director
Alicia C. Stanford, Administrative Specialist
Ann McCosby, Software Manager

Presentations

Gabriel, Roeder, Smith & Company (GRS) - Jeffrey T. Tebeau, FSA, EA, FCA, MAAA
Gabriel, Roeder, Smith & Company (GRS) - Brad Lee Armstrong, ASA, EA, FCA, MAAA
Cheiron - Patrick Nelson, FSA, CERA, EA, MAAA, Consulting Actuary
Cheiron - Janet Cranna, FSA, FCA, EA, MAAA, Principal Consulting Actuary

ITEM 1. APPROVAL OF THE JULY 2, 2024 CONSENT AGENDA

ACTION: MS. GOGOL made a motion, seconded by MR. RUSSELL to Approve the Consent Agenda of July 2, 2024. The motion PASSED. (8-0). Ms. Blackwell-Brown was absent from this vote. (Motion # 24-23).

ITEM 2. CHAIR'S ITEMS**ITEM 2.A. Conference and Training Summary 2024** - No notable items discussed.**ITEM 3. MISCELLANEOUS** - No items to report.**ITEM 4. CONSULTANT/MANAGER PRESENTATIONS**

Ms. Harris provided background information concerning the purpose of conducting an actuarial audit and reminded the Board that according to the ERS Funding Policy, an actuarial audit must be conducted every 5 years to evaluate the methods, assumptions, accuracy of the pension valuation, and the ERS' ability to meet plan obligations. The ERS engaged Gabriel, Roeder, Smith and Company (GRS) to conduct an actuarial audit of the June 30, 2023 actuarial valuation. Ms. Harris introduced the GRS presentation team.

Mr. Armstrong described the key goals of the actuarial audit, which include: 1) Validate actuarial valuation results such as present value of benefits, actuarial liability, and normal cost, 2) Verify actuarially determined contributions, 3) Confirm that assumptions and methods are reasonable and consistently applied, 4) Confirm that projected benefits are consistent with plan provisions, administrative policies, and member communications and 5) Verify actuarial valuation reports conform with actuarial standards of practice and other applicable standards. Mr. Armstrong added that a full replication of the actuarial valuation was performed for the ERS with June 30, 2023 census data. GRS also reviewed the 2021 Experience Study, 2022 and 2023 Economic Assumptions, benefit provisions in the Plan Document, valuation results for all members, and valuation results for a sample of test lives. Mr. Armstrong stated that overall, GRS believes the ERS is receiving sound advice from Cheiron, and he confirmed that they found no critical issues. Mr. Tebeau discussed key replication results noting that results were within acceptable tolerances.

Ms. Blackwell-Brown joined the meeting at 10:14 a.m.

GRS calculated a second set of replication results based on calculating the present value of future salaries (PVFS) and the normal cost using the methodology that GRS would typically use for actuarial valuations that use the Entry Age Normal actuarial cost method. Mr. Tebeau mentioned that GRS noted slight differences in the calculation for Inactive Members, resulting in a variance of 5.8%. Mr. Tebeau added that GRS recommended that Cheiron change the assumption for calculating the present value of future salaries (PVFS) or disclose the rationale for using their current method, as it results in an understatement of normal costs.

Cheiron's calculation of the present value of future benefits (PVFB) for terminated vested members of Plan B and Plan E is lower than the PVFB calculated by GRS. Cheiron acknowledged that they are valuing the post-Social Security Normal Retirement Age (SSNRA) benefit earlier than it should be under the plan provisions, which Cheiron indicated they will correct in the upcoming actuarial valuation. Mr. Armstrong and Mr. Tebeau noted that GRS concurred with Cheiron's Actuarial Assumptions and Methods, which include Investment Return, Inflation, COLA, and Sick Leave Credit Assumptions. GRS noted that the Actuarial Valuation Report was clear and well organized and provided minor suggestions regarding the inclusion of disclosures regarding the retiree COLA and assumptions.

Ms. Cranna stated that Cheiron concurred with the differences noted in the Actuarial Audit for the calculation of PBFB for Terminated Vested Members and the PVFS and Normal Costs and agreed to make the recommended changes to future valuation reports and actuarial assumptions and methods.

No comments or questions from the Board. CHAIR SHAPIRO thanked GRS for the affirming results and Cheiron for agreeing to the recommended changes.

ITEM 5. COMMITTEE REPORTS/RECOMMENDATIONS

ITEM 5.A. Administration and Personnel Oversight Committee

Mr. Cohen reported that during the June 18, 2024 Administration & Personnel Oversight Committee Meeting, the Committee reviewed the March 31, 2024 ERS financial statements, discussed the promotion of Jaclyn Harris to Executive Director following Andrea Rose's retirement, and the latest updates to the Governance Manual. Ms. Harris summarized changes to the latest version of the Governance Manual noting the inclusion of key revisions to the Open Trustee Election Policy, Procurement Policy, updates to the Investment Monitoring Group and Administration & Personnel Oversight Committee Charters, and a recommendation from legal counsel to rescind the December 2002 Contracts Resolution given the changes to the Procurement Policy. The Committee recommended the Board the approve the updated Governance Manual and rescind the 2002 Contracts Resolution.

ACTION: MR. COHEN made a motion, seconded by MR. WHITE to approve the Governance Manual dated July 2024 and rescind the December 2002 Contracts Resolution. The motion PASSED. (9-0). (Motion # 24-24).

ITEM 6. EXECUTIVE DIRECTOR'S REPORT

Ms. Harris informed the Board that there will be no August 2024 Board meeting. The IMG is scheduled to meet on July 16, 2024, with the new investment consultant, Meketa Investment Group, in attendance. The next Administration & Personnel Oversight Committee meeting will be held on August 20, 2024. Ms. Harris notified the Board that on-site financial statement audit fieldwork is set to begin on August 12, 2024 with anticipated audit results to be provided at the September 24, 2024 Audit Committee meeting. Ms. Harris also reported that as of June 12, 2024, there are 601 active members enrolled in MemberDirect. On July 1, 2024 the ERS received a \$35,554,919 employer contribution from the Commission, as provided in the most recent actuarial valuation report. Staff consulted with Wilshire Advisors on the allocation of the employer contribution funds. Ms. Harris added that the ERS satisfied its first capital call in the amount of \$12.5 million for Audax Senior Loan Fund V. Lastly, the ERS received a premium quote for fiduciary liability insurance in the amount of \$46,166 for the policy period of 7/1/24 – 6/30/25, which represents a 3% increase from the prior year due to product enhancements. Ms. Gogol inquired about Montgomery County Parks Foundation employees being members of the M-NCPPC Employees' Retirement System. Ms. Rose confirmed that this would be a decision and would rest with the Commission as the Plan Sponsor.

The Board meeting of July 2, 2024, adjourned at 10:52 a.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea L. Rose

Andrea L. Rose
Executive Director