



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

BOARD OF TRUSTEES MEETING MINUTES
Tuesday, September 3, 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, September 3, 2024. The meeting was called to order at 10:00 a.m. by CHAIR SHAPIRO.

Board Members Present

Peter A. Shapiro, Board of Trustees Chair, Prince George’s County Commissioner
James Hedrick, Board of Trustees Vice Chair, Montgomery County Commissioner *Left at 10:58 a.m.*
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 10:22 a.m.*

Board Members Absent

Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio

Others Present

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

ERS Staff Present

Andrea L. Rose, Executive Director
Jaelyn Harris, Deputy Executive Director
Alicia C. Stanford, Administrative Specialist
Sheila Joynes, Accounting Manager

Presentations

Meketa Investment Group – Mary Mustard, CFA and Aaron Lally, CFA, CAIA, CIPM

ITEM 1. APPROVAL OF THE SEPTEMBER 3, 2024 CONSENT AGENDA

ACTION: MR. RUSSELL made a motion, seconded by MS. GOGOL to Approve the Consent Agenda of September 3, 2024. The motion PASSED. (9-0). Ms. Blackwell-Brown was absent from this vote. (Motion # 24-25).

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**

Mr. Lally discussed Meketa's Initial Fund Review of the ERS Pension Fund, which included a review of Fund Governance documents, Asset Allocation & Portfolio Construction, Fees and Operations. He described Meketa's preliminary observations and development of an action plan with their recommendations and respective priorities. Mr. Lally informed the Board that Meketa did not find any red flags or operational deficiencies. He summarized that 1) the Investment Policy Statement is comprehensive and well designed and minor edits will help to refine policies, 2) Asset Allocation recommendations will be addressed in the first quarter of 2025 after the completion of an asset allocation/liability study, 3) the ERS is invested in quality public market managers and Meketa believes some changes are warranted after due diligence is conducted including a public fixed income high yield search, 4) private market managers are doing well, 5) fees are reasonable and in market relative to other plans of similar size and complexity, and 6) nothing material was identified with the custodian or securities lending.

Ms. Blackwell-Brown joined the meeting at 10:22 a.m.

Mr. Lally discussed the portfolio and areas which Meketa intends to conduct further due diligence including the consideration of adding a US Mid Cap equity strategy, an active US Small Cap manager, a US Core Bond low-cost index fund, passive international developed market exposure, and conducting a core real estate manager search. CHAIR SHAPIRO asked about having multiple managers in one investment strategy. Ms. Mustard added that it's ok to have two managers in one investment strategy if they complement each other with their uniqueness.

Ms. Mustard reviewed the Quarterly Executive Summary ending June 30, 2024. The ERS total fund return was 0.3% (net of fees) for the quarter, underperforming the target policy index return of 1.3% by 92 basis points. For the YTD, FYTD, three, five, and ten-year periods ending as of June 30, 2024, the ERS total fund return was 2.8%, 6.6%, 4.0%, 6.7%, and 6.3%, respectively compared to the target policy index return of 4.7%, 10.5%, 3.0%, 6.2%, and 5.7%, respectively. While the total fund return underperformed for the quarter, YTD, and FYTD ending June 30, 2024, the portfolio outperformed the target policy index for the trailing three, five and ten-year periods. As of June 30, 2024, ERS total assets stood at \$1.1 billion.

In terms of market performance, the U.S. stock market was up 3.3% for the second quarter and is up 13.6% for the year-to-date. Many sectors were negative, with the best performing being technology (+12.5%) and the worst being materials (-5.5%) and industrials (-3.3%). Small cap underperformed large cap by 850 basis points while growth stocks generally outperformed value. In the Non-U.S. Equity market, new data in England shows that the country has recovered from a mild recession last year, albeit at a tepid pace. Prospects in Germany are dimming due to global trade conflicts that are weighing on the industrial sector. Economic activity in China remains uneven as manufacturing activity fell in June while services slipped to a five-month low. Many expect the Chinese government to offer policy support in the short term.

Lastly, Ms. Mustard provided an overview of the July 2024 Flash Report, noting the Fund is up 1.5%. Mr. Cohen inquired if Meketa reconciled the June 30, 2024 performance and market value data received from the Wilshire investment reports. Ms. Mustard confirmed that the numbers were reconciled.

ITEM 5. EXECUTIVE DIRECTOR'S REPORT

Ms. Harris informed the Board that the next Board meeting will be October 1, 2024. The IMG and Personnel Committee meetings are scheduled for September 17, 2024 and the Audit Committee meeting for September 24, 2024. Ms. Harris let the Board know that Cheiron is expected to present actuarial valuation results to the Board at the November 5, 2024 Board meeting. Staff are finalizing the Financial Statements and Annual Comprehensive Financial Report to present to the auditors for review and a presentation by the auditors of the results at the Audit Committee's September meeting. Ms. Harris informed the Board that Sheila Morgan-Johnson will represent the ERS as a member on the Audax Senior Loan Fund V Advisory Board.

Ms. Harris announced that the ERS hired a new Retirement Systems Specialist, Mireya Lacey. Ms. Lacey has extensive data management, process improvement, and systems testing experience with Virginia Retirement System Pension Plans, Prince George's County Pension Plans, and T. Rowe Price. After posting the job announcement for a Deputy Executive Director, but not receiving a satisfactory pool of candidates, staff plan to re-advertise the Deputy Executive Director position in September.

Vice Chair Hedrick left the meeting at 10:58 a.m.

On July 17, 2024, the Commission approved Resolution No. 24-14 adopting FY25 wage adjustments for non-represented merit employees. The ERS typically follows the Commission on wage adjustments for ERS employees; therefore, ERS Executive Staff recommended the Board approve up to a 3.5% anniversary increase for FY25 for eligible ERS employees; a 0.5% lump sum payment for eligible ERS employees at top of grade and not eligible for an anniversary increase; a 3.5% cost-of-living adjustment effective the first full pay period on or after September 1, 2024.

ACTION: MR. WHITE made a motion, seconded by MS. MCCARTHY to approve up to a 3.5% anniversary increase for FY25 for eligible ERS employees; a 0.5% lump sum payment for eligible ERS employees at top of grade and not eligible for an anniversary increase; a 3.5% cost-of-living adjustment effective the first full pay period on or after September 1, 2024. The motion PASSED. (9-0). (Motion # 24-26).

ITEM 6. COMMITTEE REPORTS/RECOMMENDATIONS

ITEM 6.A. Administration and Personnel Oversight Committee

Mr. Cohen reported that during the August 20, 2024 Administration & Personnel Oversight Committee Meeting, Ms. Harris presented a recommendation for a reallocation of savings within the FY25 Operating Budget for an office renovation project that requires no adjustments to the Budget. The Personnel Committee came to a consensus to recommend to the Board the approval of the reallocation of savings within the FY25 Operating Budget for office renovations.

ACTION: MS. BLACKWELL-BROWN made a motion, seconded by MS. GOGOL to Approve the Reallocation of Savings within the FY25 Operating Budget for an office renovation project to meet

the needs of the ERS. The motion PASSED. (9-0). Vice Chair Hedrick was absent from this vote.
(Motion # 24-27).

The Board meeting of September 3, 2024, adjourned at 11:04 a.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Andrea L. Rose

Andrea L. Rose
Executive Director