



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

BOARD OF TRUSTEES MEETING MINUTES
Tuesday, December 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, December 3, 2024. The meeting was called to order at 10:01 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
Gavin Cohen, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio
Pamela F. Gogol, Montgomery County Public Member
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
Sgt. Anton White, FOP Represented Trustee
Lisa Blackwell-Brown, MCGEO Represented Trustee
William Spencer, M-NCPPC Acting Executive Director, Ex-Officio
Caroline McCarthy, Montgomery County Open Trustee

Joined at 10:07 a.m.

Joined at 10:26 a.m.

ERS Staff Present

Jaclyn F. Harris, Executive Director
Alicia C. Stanford, Administrative Specialist
Sheila Joynes, Accounting Manager

Others Present

Michael Aniton, Deputy General Counsel, M-NCPPC OGC

Presenters

Meketa Investment Group – Mary Mustard, CFA and Gloria Hazard

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

ACTION: VICE CHAIR HEDRICK made a motion, seconded by MS. STOOKEY to Approve the Consent Agenda of December 3, 2024. The motion PASSED. (9-0). Mr. Spencer and Ms. McCarthy were absent from this vote. (Motion # 24-39).

Mr. Spencer joined the meeting at 10:07 a.m.

ITEM 2. CHAIR'S ITEMS

CHAIR SHAPIRO announced two vacancies on the IMG and the Administration & Personnel Oversight Committee. FOP Represented Trustee, Anton White, agreed to serve on the IMG, while Acting Executive Director (Ex-Officio), William Spencer, agreed to serve on the Administration & Personnel Oversight Committee.

ITEM 3. CONSULTANT/MANAGER PRESENTATIONS

Ms. Mustard reviewed the Quarterly Executive Summary ending September 30, 2024. The ERS Total Fund return was 4.4% (net of fees) for the quarter, underperforming the target policy index return of 5.7% by 130 basis points. For the YTD, trailing one, three, five, and ten-year periods ending as of September 30, 2024, the ERS Total Fund return was 7.4%, 12.8%, 4.8%, 7.4%, and 6.9%, respectively; compared to the target policy index return of 10.7%, 18.8%, 5.0%, 7.1%, and 6.5%, respectively. While the Total Fund returns underperformed for the quarter, YTD, and trailing one and three-year periods ending September 30, 2024, the portfolio outperformed the target policy index for the trailing five and ten-year periods. As of September 30, 2024, ERS total assets stood at \$1.2 billion.

In terms of market performance, according to the International Monetary Fund's (IMF) July report, global growth this year is expected to match the 2023 estimate at around 3.2% with most major economies predicted to avoid a recession. Key economic data in the U.S. has largely weakened and come in below expectations, causing markets to expect an additional two rate cuts this year after the Fed's initial 0.5% reduction. Uncertainty remains regarding the timing and pace of interest rate cuts in the coming year. U.S. consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs stay elevated, and the job market may weaken further. A focus for U.S. equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important. Meketa has started to see divergences in monetary policy. Some central banks, such as the Fed, European Central Bank, and the Bank of England, have started to cut interest rates and others, like the Bank of Japan, have increased interest rates. This disparity will likely influence capital flows and currencies. China appears to have shifted focus to more policy support for the economy/asset prices with a new suite of policy stimulus and signals for more support ahead. It is still not clear what the long-term impact of these policies will be on the economy and if policy makers remain committed to these efforts.

Ms. McCarthy joined the meeting at 10:26 a.m.

ITEM 4. COMMITTEE REPORTS/RECOMMENDATIONS

ITEM 4.A. Investment Monitoring Group

Ms. Morgan-Johnson reported that during the November 19, 2024 meeting, the IMG reviewed the final drafts of the Investment Policy Statement and Investment Manager Monitoring Policy, which incorporated recommended changes from Meketa Investment Group and were vetted for legal sufficiency by counsel. A key change in the Investment Manager Monitoring Policy was the transfer of responsibility from the Board to the IMG for adding and removing investment managers from the Watchlist.

ACTION: MS. MORGAN-JOHNSON made a motion, seconded by MS. GOGOL to Approve Changes to the Investment Policy Statement and Investment Manager Monitoring Policy. The motion PASSED. (11-0). (Motion # 24-40).

ITEM 4.B. Administration and Personnel Oversight Committee

Ms. Harris reported that during the meeting on November 19, 2024, the Personnel Committee reviewed and discussed an initial draft of the ERS Executive Director Contingency Policy. The Committee requested that staff revise the policy to provide further clarification on its purpose, procedural steps, and review the language for alignment with prior similar resolutions. The Personnel Committee also reviewed updates to the IMG Charter in the Governance Manual, which included language regarding the responsibility for changes to the Watchlist. These changes were made to coincide with the updated Investment Manager Monitoring Policy. Lastly, Ms. Harris stated that the Committee discussed and reviewed a staff-recommended Talent Acquisition proposal from CBIZ/EFL Associates for recruiting the next ERS Deputy Executive Director.

ACTION: MR. WHITE made a motion, seconded by VICE CHAIR HEDRICK to Approve the Governance Manual dated December 2024, which Incorporates Updates to the IMG Charter. The motion PASSED. (11-0). (Motion # 24-41).

ACTION: VICE CHAIR HEDRICK made a motion, seconded by MR. RUSSELL to Approve Hiring CBIZ/EFL Associate to Recruit for the Deputy Executive Director Position. The motion PASSED. (11-0). (Motion # 24-42).

ITEM 5. CLOSED SESSION

ACTION: At 10:43 a.m., VICE CHAIR HEDRICK made a motion, seconded by MS. GOGOL to go into closed session under authority of the General Provisions Article of the Annotated Code of Maryland Section 3-305(b)(5) to consider matters directly concerning the actual investment of public funds under the authority of this Board; and Section 3-305(b)(7) to consult with counsel on a legal matter under the authority of this Board. The motion PASSED (11-0). (Motion # 24-43).

During Closed Session, the following occurred:

During the Closed Session, the Board considered matters related to the investment of public funds. *Board of Trustees in Closed Session:* Chair Shapiro, Vice Chair Hedrick, Gavin Cohen, Sheila Morgan-Johnson, Theodore Russell III, Elaine Stookey, Caroline McCarthy, Pamela Gogol, Anton White, Lisa Blackwell-Brown, and William Spencer.

The Board ratified the ACTION taken in Closed Session.

ITEM 6. EXECUTIVE DIRECTOR'S REPORT

Ms. Harris reported that the ERS will be recruiting a new Senior Retirement Analyst due to the resignation of the previous employee. The position is set to be posted in early December. She also reported that the Office Renovation Project has been completed and the Annual Statements were mailed via U.S. mail, but they are also available through MemberDirect for active members who are enrolled in the portal. Lastly, Ms. Harris shared that Staff successfully renewed the Cyber Insurance Policy with Travelers and Corvus Insurance companies. The policies provide coverage for computer and funds transfer fraud, social engineering, and telecom fraud.

The Board meeting of December 3, 2024, adjourned at 10:57 a.m.

Respectfully,

Alicia C. Stanford

Alicia C. Stanford
Administrative Specialist

Jaclyn Harris

Jaclyn F. Harris
Executive Director