

OPEN MEETING OF THE BOARD OF TRUSTEES

EMPLOYEES' RETIREMENT SYSTEM ELECTED OFFICIALS' RETIREMENT SYSTEM RETIREE BENEFITS ("OPEB") TRUST OF THE CITY OF BALTIMORE

1642nd Meeting

January 17, 2019

The 1642nd meeting of the Board of Trustees for the Employees' Retirement System, the Elected Officials' Retirement System, and the Retiree Benefits ("OPEB") Trust of the City of Baltimore was held on Thursday, January 17, 2019 at 9:04 a.m. in the 12th floor Conference Room of 7 E. Redwood Street, Baltimore, MD 21202.

Attendance: *Chair* – Henry Raymond *Board Members* -- Rosemary H. Atkinson, John Beasley, Doris Y. Brightful and Deborah Moore-Carter. *Consultants* – Judy Chambers of Pension Consulting Alliance; Nichole Roman-Bhatty and Jeremy Zirin of Marquette Associates, Inc. *Legal* -- Abraham Schwartz. *Staff* – David A. Randall, Donna S. Bowen, Adetutu Talabi and Rosemary Kourdoglou.

Employees' Retirement System

Chair Raymond called the meeting to order, noting that a quorum was not yet present.

Nichole Roman-Bhatty of Marquette Associates, Inc. reviewed manager performance as of December 31, 2018 and the Pro-Forma vs. Actual Asset Allocation Schedule as of December 31, 2018. Ms. Bhatty then reviewed the current Watch List.

Ms. Roman-Bhatty reviewed that the Real Estate manager hired at today's meeting would help the underweight to Real Estate in the portfolio. Mr. Randall asked the representatives from Marquette if they recommended investing with one or multiple Real Estate managers and Jeremy Zirin recommended hiring one manager.

Ms. Roman-Bhatty then reviewed the proposed revision for the Investment Guidelines for Fixed Income and U.S. Equity. She stated the revisions were made to include the asset classes recently adopted, which were: Emerging Market Debt, Low Volatility Equity and Emerging Market Small. After some discussion, Ms. Roman-Bhatty stated she would provide an analysis of the underlying percentages regarding the new allocations, at a later meeting. On motion made by Trustee Moore-Carter, seconded and unanimously carried, the Board approved the Investment Guidelines.

During Marquette's report, a quorum became present and the Board so noted.

The Board considered, and on motion made by Trustee Brightful, seconded and unanimously carried, the Board approved the minutes of the Open and Closed Meetings held December 13, 2018.

Judy Chambers from Pension Consulting Alliance then reviewed manager performance as of December 31, 2018.

The Board then noted receipt of the January 15, 2019 announcement from Allan Emkin, Managing Director of Pension Consulting Alliance (PCA), explaining that PCA would be merging with Meketa Investment Group. Ms. Chambers explained that Meketa will have controlling interest but that the consulting team for the BCERS would remain the same. It was explained that due to the merger, the Board would need to consent to keep PCA / Meketa as the Alternatives consultant, and that the consent paperwork will need to be sent to the Board of Estimates for approval.

The Board noted receipt of the Statement of Changes in the Plan Net Assets as of December 31, 2018.

The Board noted receipt of and accepted the Retirement Benefits Listing for the February 1 payroll, and noted the Decisions and Findings of Facts rendered by the Panel of Hearing Examiners.

The Acting Executive Director updated the Board on various items including the administrative expenses for December 2018. He explained that the Administrative Expense Report would be presented on a monthly basis.

The Board collectively noted receipt of the Trustee Educational Conferences and Program Informational Listing and the System Comparison Chart for ERS, EOS and OPEB. Trustee Bryant expressed interest in attending the NCPERS Conference in the Spring.

The Board then noted that the term of the current Actuarial Services and Consulting Agreement with Cheiron, Inc. ended June 30, 2017. The first extension to the contract was from July 1, 2017 – July 30, 2018 and the second and final extension was for the period of July 1, 2018 – June 30, 2019. On motion made by Trustee Moore-Carter, seconded and unanimously carried, the Board approved beginning the RFP process for Actuarial services.

Chair Raymond then called for a motion to recess the meeting, in accordance with the advanced notice given of the Board's intention to have a closed executive session, as provided in the Open Meetings Act, which is codified in Title 3 of the General Provisions of the Maryland Code, under Section 10-508(a)(14) to discuss, before a contract is awarded or bids are opened, a matter directly related to negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process. On motion made by Trustee Atkinson, seconded and unanimously carried, the Board entered Closed session.

At 12:01 p.m., the Open Meeting reconvened. Present were those stated above.

On motion made by Trustee Brightful, seconded and unanimously carried, the Board approved the action taken in the Closed Meeting to hire Basis Investment Group as a Real Estate Manager, with an allocation of \$20M from the ERS.

At this point, the Board recessed for lunch.

At 12:45 p.m., the meeting reconvened. Present were those stated above.

Sarah Baulch, Robin Brown, Brian Hock and Mike McDermott of BNY Mellon presented the information contained in their annual presentation report to the Board. After careful examination, the Board accepted the report.

Elected Officials' Retirement System

The Consultant reviewed manager monthly performance as of December 31, 2018; and the EOS Pro-forma vs. Actual Asset Allocation Schedule as of December 31, 2018.

The Board noted receipt of the EOS Statement of Changes in Plan Net Assets as of December 31, 2018.

The Board noted receipt of the Cash Requirements Projection Schedule for the EOS. The Accounting Manager reviewed that \$350,000.00 was needed to cover expenses through January 2019, and an additional \$350,000.00 was needed to cover expenses through March 2019. On

recommendation from Ms. Roman-Bhatty of Marquette Associates, on motion made by Trustee Beasley, seconded and unanimously approved, the Board chose to take \$350,000.00 from Mellon Large Cap to cover EOS Cash Requirements through January 2019, and \$350,000.00 from Mondrian to cover EOS Cash Requirements through March 2019.

Retiree Benefits ("OPEB") Trust

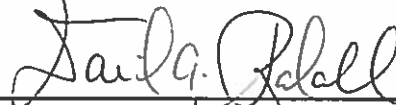
The Consultant reviewed manager monthly performance as of December 31, 2018; and the OPEB Pro-forma vs. Actual Asset Allocation Schedule as of December 31, 2018.

The Board noted receipt of the OPEB Statement of Changes in Plan Net Assets as of December 31, 2018.

Other Business

There being no further business, the meeting was adjourned.

APPROVED: February 21, 2019



David A. Randall, Acting Executive Director