

OPEN MEETING OF THE BOARD OF TRUSTEES

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

1641st Meeting

December 13, 2018

The 1641st meeting¹ 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, December 13, 2018 at 9:08 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, Doris Y. Brightful, Dorothy Bryant and Joan M. Pratt. *Consultants* – Judy Chambers and Tad Fergusson of Pension Consulting Alliance; Nichole Roman-Bhatty, Samantha Grant, Lili Park 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

At the start of the meeting, there was not a quorum. Chair Raymond opened the meeting but did not call it to order.

Nichole Roman-Bhatty of Marquette Associates, Inc. reviewed manager performance as of November 30, 2018 and the Pro-Forma vs. Actual Asset Allocation Schedule as of November 30, 2018. Ms. Bhatty then reviewed the current Watch List.

Ms. Bhatty then reviewed the Investment Guidelines regarding Sector reclassifications and Securities Lending. This review was requested after Ariel Investments had requested a waiver in regards to a change in GICS reclassifications. Ms. Bhatty recommended approving Ariel's request for a waiver and on motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved Ariel Investment's request for a waiver regarding GICS reclassifications.

The Board noted receipt of the November 26, 2018 Memorandum from Marquette Associates regarding FIS Group's acquisition of Piedmont Investment Advisors.

Jeremy Zirin of Marquette Associates then presented a review of the candidates for the Opportunistic Real Estate Manager Search. On motion made by Trustee Atkinson, seconded and unanimously carried, the Board selected Basis Investment Group, Hillcrest Finance LLC and Sound Mark Partners for interviews at the January Meeting. The previously approved Emerging Markets Debt manager interviews were rescheduled for the February 21, 2019 meeting.

At 10:12 a.m., with a quorum present, Chair Raymond called the meeting to order.

The Board considered, and on motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved the minutes of the Open and Closed Meetings held November 18, 2018.

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 Bryant, seconded and unanimously carried, the Board entered Closed session.

At 11:58 a.m., the Open Meeting reconvened. Present were those stated above.

On motion made by Trustee Brightful, seconded and unanimously carried, the Board approved the following decisions taken in the Closed Meeting;

- For Trustee Pratt to serve as Vice-Chair for a two year term;
- To hire Siris Capital and Reverence Capital Partners as Private Equity Managers, with an allocation of \$20M each from the ERS and \$4M each from the OPEB Trust; and
- To complete the search for the Executive Director prior to filling other vacancies within the agency.

The Board noted receipt of the Cash Requirements Projection Schedule for the ERS. The Acting Executive Director reported that \$35M was required for the end of January and an additional \$35M was required for the end of March. Ms. Bhatti made the recommendation that \$35M be taken from the Mellon Bond Index and \$35M be taken from Edgar Lomax. Additionally, she recommended that \$9M be taken from Mellon Large Cap to fund new managers, DF Dent and Rhumblin. On motion made by Trustee Bryant, seconded and unanimously carried, the Board approved Ms. Bhatti's recommendations for Cash Requirements.

The Board noted receipt of the Statement of Changes in the Plan Net Assets as of November 30, 2018.

The Board noted receipt of the June 30, 2018 CAFRs and PAFRs for ERS and EOS. Mr. Randall reported that they had been presented to the Board of Estimates and approved on December 12, 2018. Adetutu Talabi, Accounting Manager, then presented the ERS and EOS PAFRs. On motion made by Trustee Pratt, seconded and unanimously carried, the Board approved the June 30, 2018 CAFRs and PAFRs for ERS and EOS.

The Board noted receipt of the Proposed Annual Administrative Budget for Fiscal Year 2020. On motion made by Trustee Brightful, seconded and unanimously carried, the Board approved the Budget for Fiscal Year 2020.

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

The Board noted receipt of the updated 2019 Board Meeting Schedule. On motion made by Trustee Pratt, seconded and unanimously carried, the Board approved the Meeting Schedule for 2019.

The Acting Executive Director updated the Board on various items including the 2019 Benefit Payments Schedule, an update on Manager contracts, the Electronic Device Usage Policy and staff travel requests. On motion made by Trustee Bryant, seconded and unanimously carried, the Board approved the attendance of: Ms. Talabi and Ms. Stidham to the GFOA Conference and the P2F2 Conference.

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.

Elected Officials' Retirement System

The Consultant reviewed manager monthly performance as of November 30, 2018; and the EOS Pro-forma vs. Actual Asset Allocation Schedule as of November 30, 2018.

The Board noted receipt of the EOS Statement of Changes in Plan Net Assets as of November 30, 2018.

Retiree Benefits ("OPEB") Trust

The Consultant reviewed manager monthly performance as of November 30, 2018; and the OPEB Pro-forma vs. Actual Asset Allocation Schedule as of November 30, 2018.

Ms. Bhatti explained that reallocation and additional funding for Barings had been previously discussed at the August 2018, but that funding was scheduled to be called on January 2, 2019. On recommendation from Ms. Bhatti, the Board approved reallocating \$10M from the Mellon Bond Index and \$10M from Baird to fund the Barings call.

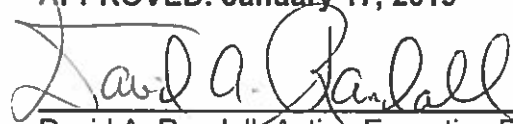
The Board noted receipt of the OPEB Statement of Changes in Plan Net Assets as of November 30, 2018.

On motion made by Dorothy Bryant, seconded and unanimously carried, the Board approved the proposed Second Amended and Restated Agreement with Landmark Partners for the OPEB Trust, as it had been previously discussed during the ERS section of the meeting.

Other Business

There being no further business, the meeting was adjourned.

APPROVED: January 17, 2019



David A. Randall, Acting Executive Director

At the 9/20/18 ERS Board meeting, the Board approved combining all ERS, EOS & OPEB items into one agenda.