

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

1647th Meeting

June 20, 2019

The 1647th 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, June 20, 2019 at 9:05 a.m. in the 12th floor Conference Room of 7 E. Redwood Street, Baltimore, MD 21202.

Attendance: *Board Members* -- Rosemary H. Atkinson, John Beasley, Doris Y. Brightful, Dorothy L. Bryant, Helen Holton, Deborah F. Moore-Carter, Joan M. Pratt and Henry Raymond. *Consultants* – Lili Park and Samantha Grant of Marquette Associates (via phone) and Judy Chambers and David Sancewich of Meketa Investment Group. *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.

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 May 16, 2019 with one correction.

David Sancewich from Meketa Investment Group then provided an educational review of Alternative Risk Premia and Hedge Funds. He then reviewed the performance of the Risk Premia and Hedge Fund Portfolios for both ERS and OPEB, making the recommendations for the reallocation of the OPEB Portfolio. On motion made by Trustee Pratt, the Board agreed to accept the recommendation from Mr. Sancewich to reallocate the OPEB Portfolio. Mr. Sancewich reported that he would prepare an item for next months' Agenda to cover this motion.

Samantha Grant and Lili Park of Marquette Associates, Inc. reviewed manager performance as of May 31, 2019 and the Pro-Forma vs. Actual Asset Allocation Schedule as of May 31, 2019. Ms. Park discussed the current market values as related to the ERS Cash Flow Projections, explaining the funding for State Street Global Advisors and the new Low Volatility Manager that would be hired in August, as well as the plan for the investment of Employer Contributions.

The Consultant from Marquette and the Executive Director then discussed the topic of the Low Volatility Search. At the May Board Meeting, LSV had been selected by the Board as a Low Volatility Manger to be interviewed in August. An article had been released from *Fundfire*, referencing that LSV had been both terminated and put on watch by three retirement funds. The Board made the decision to not bring LSV in for an interview in the Low Volatility Search, and that they would interview the remaining three candidates; Analytic, AQR and Martingale.

At this point in time, Ms. Grant left the meeting.

Ms. Park then reviewed manager monthly performance as of May 31, 2019; and the EOS Pro-forma vs. Actual Asset Allocation Schedule as of May 31, 2019. The Elected Officials Cash Flow Projections were also presented, and Ms. Park made the recommendation to take \$350,000 from Mellon Large Cap to meet Cash Flow Needs.

Ms. Park then reviewed manager monthly performance as of May 31, 2019; and the OPEB Pro-forma vs. Actual Asset Allocation Schedule as of May 31, 2019.

At this point in time, Ms. Park left the meeting.

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

At 11:59 a.m., the Open Meeting reconvened. Present were those stated above, minus the Consultants from Meketa Investment Group.

The Board noted receipt of the Statement of Changes in the Plan Net Assets as of May 31, 2019.

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

The Executive Director updated the Board on various items. The Administrative Expenses Report for May 2019 was presented and on motion made by Trustee Atkinson, seconded and unanimously carried, the Board accepted the report.

The Executive Director provided an update on staffing, reporting that General Counsel had been hired and introduced the new Communications Director, Aja Jackson. It was discussed that the next staffing focus be to fill the role of Deputy Director.

The Executive Director reported that three firms had submitted proposals for the Actuarial Firm RFP and that a summary report would be provided at the August meeting, and interviews would take place at the September Board Meeting.

The Executive Director provided an update on the Scanning Project with Magothy Technology, explaining that the contract for the project was currently at Purchasing.

The Accounting Department was then recognized for their Award for Outstanding Achievement in Popular Annual Financial Reporting for the Elected Officials' Retirement System on behalf of the Government Finance Officers' Association (GFOA).

The Board noted receipt of the ERS Cash Flow Projection Schedule, which had been discussed during Marquette's presentation to the Board.

The Board collectively noted receipt of the Trustee Educational Conferences and Program Informational Listing and the System Comparison Chart for ERS, EOS and OPEB. The trustees expressed interest in attending the following conferences;

- NASP 30th Annual Pension and Financial Services Conference;
- Marquette 2019 Symposium
- Public Pension Financial Forum 2019 Conference; and
- IFEBP's 65th Annual Employee Benefits Conference.

Elected Officials' Retirement System

The Board noted receipt of the EOS Statement of Changes in Plan Net Assets as of May 31, 2019.

The Board noted receipt of the EOS Cash Flow Projection Schedule. Adetutu Talabi, Accounting Manager, reviewed the schedule with the Board including the earlier recommendation from Marquette to take the \$350,000 needed for expenses from Mellon Large Cap. On motion made by Trustee Moore-Carter,

seconded and unanimously carried, the Board approved the decision to take \$350,000 from Mellon Large Cap to meet Cash Flow Requirements.

Retiree Benefits ("OPEB") Trust

The Board noted receipt of the OPEB Statement of Changes in Plan Net Assets as of May 31, 2019.

The Board noted receipt of the OPEB Trust Cash Flow Projection Schedule. Adetutu Talabi, Accounting Manager, reviewed the schedule with the Board and explained that there had been no changes since last month.

Other Business

The Board noted receipt of the Master Custody Agreement Renewal Notice letters that were presented for the Board Chair to sign.

There being no further business, the meeting was adjourned.

APPROVED: August 15, 2019



David A. Randall, Executive Director