

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

1648th Meeting

August 15, 2019

The 1648th 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, August 15, 2019 at 9:00 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, Joan Carter Conway, Helen Holton, Deborah F. Moore-Carter, Joan M. Pratt and Henry Raymond. *Consultants* – Judy Chambers and David Sancewich of Meketa Investment Group and Nichole Roman-Bhatty and Samantha Grant of Marquette Associates. *Legal* – Ellen Williams, General Counsel, Abraham Schwartz, Guest. *Staff* – David A. Randall, Donna S. Bowen, Adetutu Talabi, Daniel Young, Aja Jackson and Rosemary Kourdoglou.

Employees' Retirement System

Chair Raymond called the meeting to order.

Mr. Randall introduced new staff members to the Board. Staff members included Ellen Williams, General Counsel; Daniel Young, Investment Analyst; and Aja Jackson, Communications Director.

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 June 20, 2019.

Nichole Roman-Bhatty and Samantha Grant of Marquette Associates reviewed annual performance as of June 30, 2019. Ms. Roman-Bhatty reviewed Fixed Income, Real Estate, Asset Allocation Initiatives, Annualized Performance and Risk Adjustment Returns. Ms. Grant reviewed U.S. and Non-U.S. Equities. Ms. Roman-Bhatty then reviewed manager performance as of July 31, 2019 and the current Watch List.

Judy Chambers of Meketa Investment Group then provided a review of the Private Equity Portfolio as of June 30, 2019. She explained that it will take between two to three years to reach the target allocation of 13%. Ms. Chambers then reviewed the OPEB Alternatives Portfolio and gave a Market Analysis of the first quarter of the fiscal year.

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 12:17 p.m., the Open Meeting reconvened. Present were those stated above.

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

- o To liquidate funds with Rock Creek;
- o To move forward with a new trust agreement with Lombard Odier;
- o To hire Analytic as a Low Volatility Manager for an allocation of \$90M; and
- o To bring in Cheiron Inc, Korn Ferry Advisory and Gabriel, Roeder, Smith & Company for interviews in the Actuarial Firm Search.

Bina Kumar and Debbie Turner then presented an education session on the Deferred Compensation Plan to the Board. After careful examination, the Board accepted the report.

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

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

The Executive Director updated the Board on various items. He reported that General Counsel Williams would be working on contracts. The Administrative Expenses Reports for June and July 2019 were presented and on motion made by Trustee Holton, seconded and unanimously carried, the Board accepted the report.

The Executive Director provided an update on staffing, the current scanning project with Magothy Technology that began on July 30, 2019 and the GFOA recognition of the Accounting Department for the Employees' Retirement System.

The Executive Director then presented a proposal from American Office for partitions to be constructed in the Employees' Retirement System offices. The total price of the proposal was \$75,860.96. On motion made by Trustee Moore-Carter, seconded and unanimously carried, the Board approved the proposal from American Office.

The Executive Director presented an infrastructure contract proposal from Pension Technology Group to include both the Employees' Retirement Systems and the Retirement Savings Plan. On motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved the contract proposal from Pension Technology Group with the condition that the funding ratio between plans needed to be worked out.

The Executive Director provided an update on the on-going Trustee Elections for both the Active and Retired Trustee Elections.

The Board noted receipt of the ERS Cash Flow Projection Schedule. Adetutu Talabi, Accounting Manager, reviewed the schedule with the Board, explaining that \$35M was required to meet Cash Requirements for August 2019 and an additional \$35M was required to meet Cash Requirements through November 35M. Ms. Roman-Bhatty recommended taking the \$35M for August from the Mellon Bond Index. On motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved Ms. Roman-Bhatty's recommendation and made the decision to hold the decision for the November Cash Requirements until a later meeting.

Ms. Roman-Bhatty then reviewed that the source of funding for the newly hired Low Volatility Manager would be from the Mellon Stock Index.

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;

- Marquette 2019 Symposium
- IFEBP's 65th Annual Employee Benefits Conference; and
- Opal Public Funds Summit 2019.

Elected Officials' Retirement System

Nichole Roman-Bhatty of Marquette Associates provided an annual review of the Elected Officials' Retirement System Portfolio. The Board then noted receipt of the EOS Statement of Changes in Plan Net Assets as of July 31, 2019.

The Board noted receipt of the EOS Cash Flow Projection Schedule. Adetutu Talabi, Accounting Manager, reviewed the schedule with the Board explaining that \$350,000 was needed for August and November to meet operational expenses. The Consultant recommended taking half of the amount needed from Mellon Large Cap and half of the amount from Mellon Mid Cap. On motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved the Consultant's recommendation for Cash Requirements.

Retiree Benefits ("OPEB") Trust

Nichole Roman-Bhatty of Marquette Associates provided an annual review of the OPEB Trust Portfolio. The Board then noted receipt of the OPEB Statement of Changes in Plan Net Assets as of July 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 on motion made by Trustee Atkinson, seconded and unanimously carried, the Board approved the decision to take \$2M from Baird as needed for any OPEB Trust Cash Requirements such as Capital Calls.


Other Business

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 10-3-305(b) (5) to discuss the advancement of a separate strategic investment opportunity for ERS. On motion made by Trustee Holton, seconded and unanimously carried, the Board entered Closed session.

At 12:17 p.m., the Open Meeting reconvened. Present were those stated above, excluding the Investment Consultants.

There being no further business, the meeting was adjourned.

APPROVED: October 17, 2019



David A. Randall, Executive Director