

## OPEN MEETING OF THE BOARD OF TRUSTEES

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

1640<sup>th</sup> Meeting

November 15, 2018

The 1640<sup>th</sup> meeting<sup>1</sup> 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, November 15, 2018 at 9:05 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 (by phone), John Beasley, Doris Y. Brightful (by phone), Dorothy Bryant (by phone), Helen Holton (by phone), Deborah F. Moore-Carter and Joan M. Pratt. *Consultants* – Judy Chambers of Pension Consulting Alliance; Nichole Roman-Bhatty and Ben Mohr of Marquette Associates, Inc. *Legal* – Abe Schwartz. *Staff* - - Beverly Mootoo-Balram, Donna S. Bowen, Adetutu Talabi and David A. Randall.

Chair Raymond called the meeting to order.

#### Employees' Retirement System

The Board considered, and on motion made by Ms. Moore-Carter, seconded and unanimously carried, the Board approved the minutes of the Open and Closed Meetings held October 18, 2018.

Nichole Roman-Bhatty and Ben Mohr of Marquette Associates, Inc. reviewed the October market; manager monthly performance as of October 31, 2018; quarterly performance as of September 30, 2018, and the Pro-Forma vs. Actual Asset Allocation Schedule as of October 31, 2018.

Ms. Bhatty and Mr. Mohr then reviewed with the Board proposed candidates for the Emerging Markets Debt manager search. On motion made by Ms. Pratt, seconded and unanimously carried, Board selected Payden & Rygel, TCW Group and Logan Circle for interview at the January meeting. Ms. Bhatty stated that the allocation will be \$75 million and Mr. Randall stated that the allocation could be allocated to one or divided among two or three managers.

Ms. Bhatty stated that Ariel Investments had requested a waiver in regards to a change in GICS reclassifications. Ms. Bhatty stated that as a result of sector reclassifications, she will be reviewing the domestic equity and international equity guidelines for all managers before granting Ariel's waiver request, and will bring the review results and recommendation to the December meeting.

The Board noted receipt of the October 23, 2018 notice from Rothschild concerning the departure of Michael Woods, CEO and COO, from the firm effective October 31, 2018. Ms. Bhatty stated that no change or action is recommended at this time.

Judy Chambers of Pension Consulting Alliance reviewed the Private Equity performance as of June 30, 2018; and the Hedge Fund Update for October 2018.

Mr. Randall stated that at the October meeting, the Board approved PCA's request for international travel reimbursement in conjunction with the PCA contract with ERS. He stated that the Board requested that travel expenses be submitted prior to the actual due diligence trip. Mr. Randall

stated that PCA provided the preliminary travel expenses and the Board so noted. Whereupon, on motion made by Ms. Pratt, seconded and unanimously carried, the Board approved the travel request.

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

Judy Chambers of Pension Consulting Alliance gave a Private Equity Portfolio Pacing Update and Manager Review. She then gave an overview of SIRIS Capital Group and Welsh, Carson, Anderson & Stove, candidates in the Private Equity manager search that will be interviewed during the Closed Meeting. She stated that these are two of four managers under consideration, and requested that the Board defer any action today until the remaining two managers are interviewed in December.

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.

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

Jason Ostroski of CliftonLarsonAllen presented the Independent Auditor's Report for ERS and EOS for FY2018 on internal control over Financial Reporting and Compliance and other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards. Mr. Ostroski reported a no-findings report, stating that no material weaknesses or significant deficiencies were identified. Whereupon, the Board accepted the Audit report.

The Board noted receipt noted receipt of the final Actuarial Valuation Report as of June 30, 2018 for the ERS.

The Board noted receipt of the proposed meeting schedule for 2019. Mr. Randall reviewed the schedule with the Board and some revisions were discussed. On motion made by Ms. Pratt, seconded and unanimously carried, the Board approved the schedule. Mr. Randall stated that the final schedule will be noted at the December meeting.

The Board noted receipt of and accepted the Retirement Benefits Listing for the December 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. He stated that: the Board of Trustees pages for the CAFRs will reflect print-date Board composition with correct appointments and terms; an election will be held at the December meeting for Board Vice-Chair; and that the Mayor will be making two appointments on the Board to replace both Mr. Sanders and Ms. Brightful. He stated that Marquette will bring proposed guidelines to the December meeting that will revise Securities Lending; and that the Administration Budget and CAFR presentations will be held during the December meeting.

Ms. Brightful stated that in light of her being replaced on the Board, she informed the Board that she was registered for the Opal Conference in January and had already charged her airfare. She asked if she would be reimbursed. Mr. Randall stated that she should not attend the conference and that the ERS will assist her in getting reimbursed.

Mr. Randall reported that work is in progress to have teleconferencing functions accessible to the Board and that each Board member should sign acceptance on the Electronic Devices Usage Policy form that will be available when the tablets are ready for pick up. He also reported that the Times Square termination and transition process had to be temporarily put on hold due to a delay in the contract process with recently hired managers.

The Board collectively noted receipt of the Trustee Educational Conferences and Program Informational Listing and the System Comparison Chart for ERS, EOS and OPEB.

On motion made by Ms. Moore-Carter, seconded and unanimously carried, the Board approved the attendance of: Ms. Pratt at the GFOA conference in May; and Ms. Atkinson and Ms. Holton at the Opal conference in January and the NCPERS conference in May.

Elected Officials' Retirement System

The Consultant reviewed manager monthly performance as of October 31, 2018; quarterly performance as of September 30, 2018; and the EOS Pro-forma vs. Actual Asset Allocation Schedule as of October 31, 2018.

The Board was requested to ratify the motion taken during the 6/22/18 ERS meeting to take \$350,000 from Small Cap for additional expenses in December 2018. Ms. Talabi stated that the \$350,000 draw was intended for October, which had already been processed. On motion made by Ms. Atkinson, seconded and unanimously carried, the Board ratified the action to take \$350,000 from Small Cap for additional expenses in October 2018.

The Board noted receipt noted receipt of the final Actuarial Valuation Report as of June 30, 2018 for the EOS.

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

Retiree Benefits ("OPEB") Trust

The Consultant reviewed manager monthly performance as of October 31, 2018; quarterly performance as of September 30, 2018; and the OPEB Pro-forma vs. Actual Asset Allocation Schedule as of October 31, 2018.

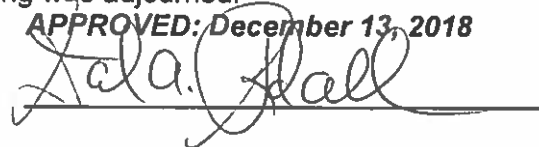
The Board noted receipt of the OPEB Statement of Changes in Plan Net Assets as of October 31, 2018.

Other Business

Mr. Beasley made a motion that the notice to membership on the first page of the ERS website, now be removed. Motion was seconded and unanimously carried.

There being no further business, the meeting was adjourned.

**APPROVED: December 13, 2018**



David A. Randall, Acting Executive Director

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<sup>1</sup>At the 9/20/18 ERS Board meeting, the Board approved combining all ERS, EOS & OPEB items into one agenda.