



EMPLOYEES' RETIREMENT SYSTEM

The Maryland-National Capital Park and Planning Commission

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, December 7, 2010; 10:00 A.M.

ERS/Merit Board Conference Room

The regular meeting of the Board of Trustees convened in the ERS/Merit Board Conference Room on Tuesday, December 7, 2010 at 10:00 a.m. Voting members present were: Khalid Afzal, Patricia Colihan Barney, Richard Bucher, Ph.D., Guy Jones, Elton King, Lynn Kelly, Barbara Walsh and Joe Zimmerman. Joe Alfandre, Gail Heath and Samuel J. Parker, Jr. were not present.

ERS staff included: Andrea L. Rose, Administrator; Heather D. Brown, Administrative Assistant; and, Sheila S. Joynes, Accounting Manager.

Presentation by Wilshire Associates – Mike Dudkowski, Managing Director.

DR. BUCHER was Acting Chairman in Chairman Parker's absence.

1. Approval of the December 7, 2010 Board of Trustees Meeting Agenda
2. Minutes of Regular Meeting, November 2, 2010
3. Minutes of Executive Session, November 2, 2010

MR. JONES made a motion, seconded by MR. AFZAL to approve the December 7, 2010 Board of Trustees Meeting Agenda, as submitted; the Minutes of Regular Meeting, November 2, 2010, as submitted; and, the Minutes of Executive Session, November 2, 2010, as submitted. The motion PASSED unanimously (8-0). (Motion #10-106)

4. Chairman's Items
 - a. Approval of the Board of Trustees Meeting Schedule for 2011
 - b. Closure of ERS Offices – December 27-30, 2010

MR. AFZAL made a motion, seconded by MR. JONES to approve the Board of Trustees Meeting Schedule for 2011, as submitted. The motion PASSED unanimously (8-0). (Motion #10-107)

5. Miscellaneous
6. Disbursements Granted Report – October 2010

MS. BARNEY made a motion, seconded by MS. WALSH to ratify the Disbursements Granted Report – October 2010. The motion PASSED unanimously (8-0). (Motion #10-108)

7. Board of Trustees Conference Summary
8. Wilshire Associates

Presentation by Managing Director, Mike Dudkowski

 - a. Executive Summary of Investment Performance; Quarter Ending September 30, 2010
 - b. 3yr and 5 yr Rolling Returns; Third Quarter 2010
 - c. Summary of Investment Performance; Quarter Ending September 30, 2010

MINUTES, AS APPROVED, AT THE JANUARY 4, 2011 BOARD OF TRUSTEES MEETING

Mr. Dudkowski reported on the fund's performance for the quarter ending September 30, 2010. The ERS' total return was 9.35% for the third quarter 2010. The total fund composite underperformed the policy return of 9.55% by 0.20%. The quarter ended with a total market value of \$576.9 million, a net increase of approximately \$67.7 million.

Mr. Dudkowski reminded the Board of its October 5, 2010 decision to increase the securities lending loan cap to 30% of lendable securities. The decision is to be evaluated quarterly with the goal of increasing to a maximum of 50% of lendable securities. Mr. Dudkowski confirmed his recommendation that the securities lending loan cap be increased to a maximum of 50% of lendable securities. Trustees agreed the Investment Monitoring Group would consider this recommendation at its December 21, 2010 meeting.

MR. JONES left the meeting at 11:00 a.m.

9. Report of the Administrator

Presentation by Administrator, Andrea L. Rose

- a. Northern Account Balances – November 18, 2010
- b. Recommendation to Approve the Transfer of \$7,850,000 to Cover Administrative Expenses and Benefit Payments for December 2010 – February 2011

MS. BARNEY made a motion, seconded by MR. AFZAL to approve the transfer of \$7,850,000 to cover administrative expenses and benefit payments for December 2010 – February 2011. The motion PASSED unanimously (7-0). (Motion #10-109)

Ms. Rose reported that AON Consulting began the 5-year Assumption Study in mid-November and the results are expected at the February 1, 2011 Board of Trustees meeting.

2010 Annual Reports and Annual Statements have been mailed to all active, vested and non-vested members. Retirees and survivors receive only the 2010 Annual Report.

The M-NCPPC Retirees' Association submitted several questions to Ms. Rose on the ERS for their December Newsletter. The Questions and Answers that Ms. Rose provided have been posted on the ERS' website.

10. Investment Monitoring Group (IMG)

Presentation by Committee Chairman, Patricia Barney

- a. Regular Report of November 16, 2010
- b. Confidential Report of November 16, 2010

MS. BARNEY reviewed the regular report of the November 16, 2010 IMG meeting.

11. Administration & Personnel Oversight Committee

Presentation by Committee Chairman, Richard Bucher, Ph.D.

- a. Regular Report of November 16, 2010
 - i. Recommendation to Approve the Memorandum of Understanding with the Commission's Finance Department for FY2011
- b. Confidential Report of November 16, 2010

DR. BUCHER reported on the November 16, 2010 Administration and Personnel Oversight Committee meeting. The Committee reviewed and approved the Memorandum of Understanding with the Commission's Finance Department for FY2011 and recommends for the Board's approval.

MS. BARNEY made a motion, seconded by MR. AFZAL to approve the Memorandum of Understanding with the Commission's Finance Department for FY2011. The motion PASSED unanimously (7-0). (Motion #10-110)

12. Executive Session

MS. BARNEY made a motion, seconded by MS. WALSH to go in to Executive Session under authority of State Government Articles 10-508(a)(7) and 10-508(a)(1) to discuss investment of public funds and personnel issues. The motion PASSED unanimously (7-0). (Motion #10-111)

MS. WALSH made a motion, seconded by MS. BARNEY to ratify the action taken in Executive Session. The motion PASSED unanimously (7-0). (Motion #10-114)

The Board of Trustees meeting of December 7, 2010 adjourned at 11:27 a.m.

Respectfully,

Heather D. Brown
Administrative Assistant

Andrea L. Rose
Administrator