



EMPLOYEES' RETIREMENT SYSTEM

The Maryland-National Capital Park and Planning Commission

REGULAR BOARD OF TRUSTEES MEETING

MINUTES

Tuesday, January 5, 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, January 5, 2010 at 10:00 a.m. Voting members present were: Khalid Afzal, Richard Bucher, Ph.D., Guy Jones, Elton King, Samuel J. Parker, Jr., and Alfred Warfield. Patricia Barney arrived at 10:03 a.m. and Joseph Alfandre arrived at 10:04 a.m. Barbara A. Funk and Gino Renne were not present.

ERS staff included: Andrea Rose, Administrator; Heather Brown, Administrative Assistant; Sheila Joynes, Accounting Manager; Lisa Butler, Retirement Benefits Analyst; Antonia Lanier, Member Relations Manager; Angela Montero, Member Relations Assistant; and, Ann McCosby, IT Leader/Manager.

Presentations made by General Counsels from the Groom Law Group - David Levine and Ian Lanoff and the M-NCPPC Legal Department – Adrian Gardner.

1. Approval of the January 5, 2010 Board of Trustees Meeting Agenda

DR. BUCHER made a motion, seconded by MR. AFZAL to approve the January 5, 2010 Board of Trustees Meeting Agenda, as submitted. The motion PASSED unanimously (6-0). (Motion #10-1)

2. Minutes of Regular Meeting, December 1, 2009

DR. BUCHER made a motion, seconded by MR. WARFIELD to approve the Minutes of Regular Meeting, December 1, 2009, as submitted. The motion PASSED unanimously (6-0). (Motion #10-2)

MS. BARNEY arrived at 10:03 a.m.

VICE CHAIRMAN ALFANDRE arrived at 10:04 a.m.

3. Minutes of Executive Session, December 1, 2009

Approval of the Minutes of Executive Session, December 1, 2009 was deferred until the next month.

4. Chairman's Items

5. Miscellaneous

a. 2010 Board of Trustees Meetings, Committee Meetings & Manager Presentations

b. Wilshire Memo Dated December 22, 2009

i. Recommendation to Approve Utilizing a Separately Managed Account for the Earnest Partners Mandate

MINUTES, AS APPROVED, AT THE FEBRAURY 2, 2010 BOARD OF TRUSTEES MEETING

MR. WARFIELD made a motion, seconded by MS. BARNEY to approve utilizing a separately managed account for the Earnest Partners mandate. The motion PASSED unanimously (8-0). (Motion #10-3)

6. Disbursements Granted Report –November 2009

MR. AFZAL made a motion, seconded by DR. BUCHER to ratify the Disbursements Granted Report – November 2009. The motion PASSED unanimously (8-0). (Motion #10-4)

7. Board of Trustees Conference Summary

Conference Attendance Reports:

- a. Dr. Richard Bucher, Ph.D. – Public Funds Summit

8. Fiduciary Responsibility Training

Presentation by Groom Law Group - David Levine and Ian Lanoff

9. Annual Ethics Training

Presentation by M-NCPPC Legal Department – Adrian Gardner, General Counsel

10. Report of the Administrator

Presentation by Administrator, Andrea L. Rose

- a. Northern Account Balances – December 21, 2009
- b. Wilshire Associates' Conflicts Check Report dated November 24, 2009

Andrea Rose reported that at a special session on December 3, 2009, the Commission approved an employer contribution to the Employees' Retirement System of \$25,633,000 (18% of covered payroll) payable July 1, 2010, which is different from the \$35,206,700 (24.7% of covered payroll) contribution recommended by Aon Consultants. The Board questioned what action should be taken as a result of the Commission contributing less than the actuarially recommended contribution. CHAIRMAN PARKER requested that the Administration and Personnel Oversight Committee follow-up with the Groom Law Group and make a recommendation at the February 2, 2010 meeting.

11. Member Education Committee

Presentation by Committee Chairman, Khalid Afzal

- a. Regular Report of December 15, 2009

Andrea Rose reported on the meeting of December 15, 2009. The Committee discussed Board training for 2010. Ms. Rose pointed out that training sessions have been added to the 2010 Board of Trustees Meeting Calendar starting at 8:30 a.m. before regular Board meetings in February, March, April and November 2010. All Board Members are encouraged to attend these special training sessions.

12. Administration & Personnel Oversight Committee

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

- a. Regular Report of December 15, 2009
 - i. Recommendation to Approve the FY2011 Proposed Operating Budget

DR. BUCHER made a motion, seconded by MR. JONES to approve the FY2011 Proposed Operating Budget. The motion PASSED unanimously (8-0). (Motion #10-5)

13. Investment Monitoring Group

Presentation by Committee Chairman, Patricia Barney

- a. Regular Report of December 15, 2009
 - i. Recommendation to Approve an Exception to the Requirement to Include One Qualified Emerging Manager in the Final Evaluation Process for the Private Real Asset Search
 - ii. Recommendation to Approve the Amendment to the Statement of Investment Policy, the Guidelines for the Oaktree Opportunities Fund and the Guidelines for Neuberger Berman

MS. BARNEY reported that Wilshire screened the universe of private real asset managers and identified managers who offered high quality real asset products. Wilshire recommended a short-list of 6 managers for the Investment Monitoring Group (IMG) to consider. The IMG discussed each of the 6 candidates with Marc Friedberg and determined that Commonfund Capital, Inc., FLAG Capital Management, LLC, and Oppenheimer Asset Management should be considered by the Board at its February 2, 2010 meeting. Subsequently, Mr. Friedberg notified the ERS that the Commonfund Capital, Inc. was closed. Therefore, the IMG determined that only the other two managers be considered by the Board.

The ERS' Statement of Investment Policy includes a Fair Consideration/Public Interest Policy that indicates the IMG will consider at least one qualifying emerging manager in its final evaluation process. A qualifying firm will still need to meet the minimum stated criteria established in the search process (e.g. assets under management, track record, etc.). The IMG may recommend the Board grant an exception to the requirement to include one qualified emerging manager in the final evaluation process.

There was one qualified emerging manager in this space to consider; however, Wilshire had concerns about the firm's future viability.

VICE CHAIRMAN ALFANDRE made a motion, seconded by MR. AFZAL to approve an exception to the requirement to include one qualified emerging manager in the final evaluation process for the Private Real Asset Search. The motion PASSED unanimously (8-0). (Motion #10-6)

DR. BUCHER made a motion, seconded by MR. AFZAL to approve the amendment to the Statement of Investment Policy. The motion PASSED unanimously (8-0). (Motion #10-7)

MR. AFZAL made a motion, seconded by MR. JONES to approve the investment guidelines for the Oaktree Opportunities Fund and Neuberger Berman. The motion PASSED unanimously (8-0). (Motion #10-8)

14. Audit Committee – 2010 Work Program – Informational Purposes Only

15. Executive Session

DR. BUCHER made a motion, seconded by MR. WARFIELD to go into Executive Session under authority of State Government Article 10-508(a)(7) to discuss investment of public funds. The motion PASSED unanimously (8-0). (Motion #10-9)

DR. BUCHER made a motion, seconded by MR. JONES to ratify the actions taken in Executive Session. The motion PASSED unanimously (8-0). (Motion #10-12)

The Board of Trustees meeting of January 5, 2010 adjourned at 1:10 p.m.

Respectfully,

Heather D. Brown
Administrative Assistant

Andrea L. Rose
Administrator