



**EMPLOYEES' RETIREMENT SYSTEM**  
The Maryland-National Capital Park and Planning Commission

***REGULAR BOARD OF TRUSTEES MEETING  
MINUTES***

***Tuesday, January 4, 2011; 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 4, 2011 at 10:00 a.m. Voting members present were: Khalid Afzal, Joe Alfandre, Patricia Colihan Barney, Richard Bucher, Ph.D., Guy Jones, Elton King, Lynn Kelly, Samuel J. Parker, Jr., Barbara Walsh and Joe Zimmerman.

ERS staff included: Andrea L. Rose, Administrator and Heather D. Brown, Administrative Assistant.

Presentation by M-NCPPC Legal Department LaTonya Reynolds, Associate General Counsel.

1. Approval of the January 4, 2011 Board of Trustees Meeting Agenda

DR. BUCHER made a motion, seconded by MS. WALSH to approve the January 4, 2011 Board of Trustees Meeting Agenda, as submitted. The motion PASSED unanimously (10-0). (Motion #11-1)

2. Minutes of Regular Meeting, December 7, 2010

MS. BARNEY made a motion, seconded by DR. BUCHER to approve the Minutes of Regular Meeting, December 7, 2010, as submitted. The motion PASSED unanimously (10-0). (Motion #11-2)

3. Minutes of Executive Session, December 7, 2010

DR. BUCHER made a motion, seconded by MS. WALSH to approve the Minutes of Executive Session, December 7, 2010, as submitted. The motion PASSED unanimously (10-0). (Motion #11-3)

4. Chairman's Items

CHAIRMAN PARKER advised the Board that Gail Heath resigned from MCGEO in December 2010 and no longer represents them on the Board.

5. Miscellaneous

6. Disbursements Granted Report – November 2010

DR. BUCHER made a motion, seconded by MR. AFZAL to ratify the Disbursements Granted Report – November 2010. The motion PASSED unanimously (10-0). (Motion #11-4)

7. Board of Trustees Conference Summary

8. Report of the Administrator

Presentation by Administrator, Andrea L. Rose

a. Northern Account Balances – December 21, 2010

Ms. Rose advised that the Investment Consulting Services Request for Proposal was issued December 27, 2010. Responses are due by January 31, 2011.

9. Administration & Personnel Oversight Committee

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

a. Regular Report of December 21, 2010

- i. Recommendation to Approve the Administration & Personnel Oversight Committee's 2011 Work Program
- ii. Recommendation to Approve Utilization of a Consent Agenda for the Board of Trustees Meetings Effective in February 2011
- iii. Recommendation to Approve a Revised 2011 Board of Trustees Meeting Schedule

MS. BARNEY made a motion, seconded by MR. AFZAL to approve the Administration & Personnel Oversight Committee's 2011 Work Program. The motion PASSED unanimously (10-0). (Motion #11-5)

DR. BUCHER made a motion, seconded by MS. BARNEY to approve the utilization of a Consent Agenda for Board meetings starting in February 2011. The motion PASSED unanimously (10-0). (Motion #11-6)

DR. BUCHER made a motion, seconded by MS. BARNEY to approve an amendment to the approved 2011 Board of Trustees Meeting Schedule and move the July meeting to the 2<sup>nd</sup> Tuesday of the month (July 12, 2011). The motion PASSED unanimously (10-0). (Motion #11-7)

10. Investment Monitoring Group (IMG)

Presentation by Committee Chairman, Patricia Colihan Barney

a. Regular Report of December 21, 2010

- i. Recommendation to Approve the Investment Monitoring Group's 2011 Work Program
- ii. Recommendation to Approve the Investment Manager Performance Review 2011 Schedule
- iii. Recommendation to Approve the Revised Statement of Investment Policy and Revised Manager Monitoring Policy
- iv. Recommendation to Approve the Valuation Policy, including the Valuation Policy Responsibility Matrix

MS. WALSH made a motion, seconded by DR. BUCHER to approve the Investment Monitoring Group's (IMG) 2011 Work Program. The motion PASSED unanimously (10-0). (Motion #11-8)

Ms. Barney presented the Investment Manager Performance Review 2011 Schedule and noted that performance reviews will occur biennially for all managers. Ms. Barney noted the challenge of meeting with investment managers on an annual basis. Wilshire's Mike Dudkowski indicated that every other year is sufficient because they are actively monitoring managers and will advise of any issues. Wilshire will provide a briefing on managers in the off years. Ms. Barney noted one revision to the Schedule, the Alliance PPIP performance review will be scheduled for presentation to the Board since this is a relatively new portfolio.

VICE CHAIRMAN ALFANDRE made a motion, seconded by DR. BUCHER to approve the Investment Manager Performance Review 2011 Schedule, as amended. The motion PASSED unanimously (10-0). (Motion #11-9)

DR. BUCHER made a motion, seconded by VICE CHAIRMAN ALFANDRE to approve the revised Statement of Investment Policy and revised Manager Monitoring Policy which modify the frequency of performance reviews with investment managers to every other year with either the Board or IMG. The motion PASSED unanimously (10-0). (Motion #11-10)

The IMG developed a Valuation Policy which provides controls for the initial due diligence process, the ongoing monitoring procedures, and the financial reporting for the ERS' alternative investments and a Valuation Policy Responsibility Matrix that outlines the responsibility for the various controls which is the combined efforts of trustees, management, legal counsel and the investment consultant.

MR. AFZAL made a motion, seconded by DR. BUCHER to approve the Valuation Policy and the Valuation Policy Responsibility Matrix, as submitted. The motion PASSED unanimously (10-0). (Motion #11-11)

#### 11. Member Education Committee's 2011 Work Program

MR. AFZAL made a motion, seconded by MS. BARNEY to approve the Member Education Committee's 2011 Work Program. The motion PASSED unanimously (10-0). (Motion #11-12)

#### 12. Audit Committee's 2011 Work Program

MS. BARNEY made a motion, seconded by DR. BUCHER to approve the Audit Committee's 2011 Work Program. The motion PASSED unanimously (10-0). (Motion #11-13)

#### 13. Executive Session

DR. BUCHER made a motion, seconded by MR. AFZAL 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 (10-0). (Motion #11-14)

DR. BUCHER made a motion, seconded by MR. AFZAL to ratify the action taken in Executive Session. The motion PASSED unanimously (10-0). (Motion #11-18)

#### 14. Ethics and Fiduciary Responsibility Training (Handout)

Presentation by M-NCPPC Legal Department LaTonya Reynolds, Associate General Counsel

ERS Staff, Ann McCosby, Antonia Lanier, Angela Montero, Lisa Butler and Edward Sarkar, joined the meeting for the Ethics and Fiduciary Responsibility Training presented by LaTonya Reynolds, Associate General Counsel.

The Board of Trustees meeting of January 4, 2011 adjourned at 12:55 p.m.

Respectfully,

Heather D. Brown  
Administrative Assistant

Andrea L. Rose  
Administrator