

**BOARD OF INVESTMENT TRUSTEES
MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS**

MINUTES – OPEN SESSION

November 20, 2009
101 Monroe Street, 15th floor
Rockville, Maryland

Board Members Present: Kelda Simpson, Chair
 Gino Renne
 Meg Menke
 Steve Farber
 Jeff Buddle
 Joe Adler
 Lodge Gillespie
 Joe Beach
 Jeff Sharpe
 Jennifer Barrett
 George Willie
 Sunil Pandya
 Walt Bader

Staff: Linda Herman
 Marc Esen
 Brad Stelzer
 Stuart Potter

Others Present: Mark Brubaker, Wilshire Associates
 Mike Dudkowski, Wilshire Associates
 Brad Atkins, Franklin Park
 Amy Moskowitz, Counsel to the Board

CALL TO ORDER

Ms. Simpson called the open session of the Board to order at 8:35 a.m.

DETERMINATION OF MEETING

The Board unanimously approved a motion to move into closed session at 8:36 a.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, State Government Article, 10-508(a)(5).

Ms. Simpson called the open session of the Board to order at 10:45 a.m.

Approval of the Minutes: Mr. Bader moved and Mr. Beach seconded, and the Board unanimously approved the minutes of the September 18, 2009 meeting.

ERS – Compliance – Sudan Divestment Legislation: Ms. Menke discussed the results of the recent review by KLD wherein Smith International was required to be placed on the restricted list for future investment by ERS separate account managers due to their involvement in Sudan. She also noted that Marathon recognized an \$113,469 loss in their portfolio due to the County Code requirement that companies placed on the restricted list that are currently held by separate account managers must be sold within one year of being placed on the restricted list. Marathon sold Wartsila Oyj on November 5, 2009 recognizing the loss.

ERS – Fixed Income Guideline Exception: Mr. Potter informed the Board of a request by one of the high yield fixed income managers to change the guideline which requires that eligible companies for investment should have a market capitalization of at least \$50 million, if their equity is publicly traded. He discussed the intention of the guideline as well as the impact adhering to the guideline was having on the manager's investment strategy. Staff recommended the guideline be changed and after discussion, Mr. Sharpe moved and Mr. Buddle seconded, and the Board unanimously approved the following resolution:

0911-04 Resolved, That the Board approves changing the high yield fixed income manager guidelines to read: “Eligible companies for investment should have an original issue size of at least \$100 million.” The Board further approves a new guideline that requires the percentage of the Account allocated to defaulted securities shall not exceed 5% of the Account’s market value.

Board – Annual Report: Ms. Menke presented the Board's FY 09 annual report on the retirement plans and noted that employees will be notified of the availability of the report by broadcast email and retirees will receive a message on their December pay acknowledgement. After discussion, Mr. Renne moved and Mr. Adler seconded and the Board unanimously approved the following resolution:

911-05 Resolved, That the Board approves the FY 09 Annual Report.

Election of Facilitators & Compliance & Audit Committee Members: Ms. Simpson noted the Board Bylaws requirement that facilitators and members of the Compliance & Audit Committee must be appointed annually. She noted that Ms. Menke and Mr. Gillespie had served as facilitators during the previous year. The Board discussed the role of the facilitator at Board meetings and requested that counsel review the Bylaws to determine if the Board could leave the position vacant for the coming year. Mr. Farber, Mr. Bader, and Mr. Pandya agreed to continue to serve on the Compliance & Audit Committee. Ms. Herman requested that Mr. Willie also be value added to the Committee due to his extensive audit background. Ms. Moskowitz noted that expanding the Committee to four members would require an amendment to the Bylaws. The Board requested Ms. Moskowitz present the amended Bylaws at their next meeting.

ERS Performance Review: Mr. Brubaker discussed the current market environment and the attribution of the ERS performance as of September 30, 2009 compared to the established benchmarks. Mr. Atkins provided an overview of the private equity sector highlighting portfolio performance and updating the Board on the status of recent commitments.

There being no further business of the Board, the open meeting session was adjourned at 11:50 a.m.

Respectfully submitted,

Joseph Adler, Secretary