

Montgomery County Employees' Retirement Board

Meeting Minutes from
Tuesday, August 31, 2010

A meeting of the Montgomery County Employees' Retirement Board was held on Tuesday, August 31, 2010 at 11:00AM in the Commissioners' Conference Room; 8th Floor ; One Montgomery Plaza; Norristown, PA.

Members present: Commissioner James Matthews, Chairman; Commissioner Joseph M. Hoeffel, Commissioner Bruce Castor; Controller Diane Morgan, Secretary; Treasurer Thomas Jay Ellis.

Also in attendance: Deputy Chief Operating Officer James Maza; Solicitor Barry Miller; Chief Financial Officer Randall Schaible and Pension Accountant John O'Brien.

Secretary Morgan called the meeting to order at 11:00 AM.

On the motion of Mr. Castor, seconded by Mr. Matthews, the minutes of the July 6, 2010 meeting of the Board were unanimously approved.

The Board considered the four alternative methods for determining the 2010 Annual Required Contribution (ARC) listed by actuaries Hay Group in a letter dated June 4, 2010 and unanimously voted to use the Act 44 valuation method, the aggregate funding method with a 3.5% salary increase assumption, resulting in an ARC of \$7,857,028.

The Board then considered a suggestion by consultants Cornerstone Advisers Investment management, Inc. that in order to benefit more from rising markets, the fund decrease the allocations to investment managers Brown Advisory Goldman Sachs Asset Management, and Valley Forge Asset Management, and by \$1.0, 2.0, and 3.0 millions respectively. A total of \$6.0 million and add this amount to the investment in Vanguard Institutional S&P 500 Index Fund (VINIX). The Board unanimously voted to authorize Cornerstone to make these investment changes (except that the funds would be taken \$2.0 million from each of the above managers).

Ms. Morgan informed the Board that the Fund's fiduciary liability insurance had been renewed.

Ms. Morgan also advised the Board that based on discussion at the Pennsylvania County Controllers' Association meeting in July, it might be desirable for the Plan to apply for a Determination Letter from the Internal Revenue Service, and the Hay Group was working on a prototype plan and that this would be ready for further action by November, 2010.

There being no further business, the meeting adjourned at 11:15 AM.

Respectfully Submitted,



Diane Morgan
Controller – Secretary