Trustee Baker, Chair, opened the December 8th, 2009 Investment Committee meeting at 1:00 p.m.

Mesirov Small Cap Value Team

- Several members of the investment team and the CEO of Mesirov spoke with the Investment Committee on the loss of the former portfolio manager. They reassured the committee that the philosophy and the team will remain the same.

Performance Review

Managed Investment Pool (Including Endowment):
- On 10/31/09 the Managed Investment Pool totaled $139.6 million, with a fiscal year to date net of fee return of 10.6% and a trailing one year return of 17.7%.
- As of 9/30/2009, the Pool had a gross return of 5.2% over the trailing year placing in the top quartile of the Endowment Universe.
- During the 9 months ended 9/30/2009, the Pool had a gross return of 22.3% placing in the top 13th percentile of the Endowment Universe.
- Active managers in aggregate added 230 basis points (bps) of value during the trailing year.
- The Pool has outperformed the median endowment over all trailing time periods
  - The Plan placed in the top 21st percentile during the five year time period and in the top 8th percentile over the seven year period.
  - During these time periods the Plan generated top quartile Sharpe Ratios

Pension Fund:
- On 10/31/09 the Pension fund totaled $44.6 million, with a fiscal year to date net of fee return of 8.9% and a trailing one year return of 11.7%.
- As of 9/30/2009, the Pension fund had a gross return of 1.3% over the trailing year.
- The Plan returned 15.6% (gross) during the 9 months ended 9/30/2009 placing in the 53rd percentile of the Total Fund Peer Group
- Active Managers in aggregate added 50 basis points during the trailing year.
• Chase and Principal were significant underperformers, Chase underperforming its benchmark by 1320 bps and Principal underperforming by 1330 bps.
• The Plan placed in the top 54th percentile and 61st percentiles during the quarter and trailing one year time periods ending 9/30/09.
• The plan placed at the median over the trailing five year time period ending 9/30/09.
• Chase has been placed on the Client Review due the recent organizational changes. NEPC included a letter regarding the changes. Chase performance has also been weak due to the high quality nature of the investment product. The Committee asked NEPC to invite Chase to the next Committee meeting to explain its underperformance.

**Operating Funds:**
• On 10/31/09 the Operating Cash Fund totaled $197.5 million, with a fiscal year to date net of fee return of 3.9% and a trailing one year return of 8.7%.
• As of 9/30/09 the Operating Fund assets totaled $209.7 million.
• New policy targets have been approved (25% Liquidity, 50% Income Pool, and 25% Total Return Pool) and implementation will be phased in over time.
• Fiscal year to date performance of 3.4% as of 9/30/09 has been positive on both absolute return and relative return basis.
• All investment managers, with the exception of Loomis Sayles, have outperformed their respective benchmarks.
  o Loomis Sayles invests in higher quality loans compared to the index. During the fiscal year to date time period, Loomis was underweight CCC (lower quality loans) compared to the index, these low quality loans were the best performing loans during the time period.
• UMS staff funded the new core bond index target
• UMS staff will gradually fund the S&P Index over the next several months.

**Review Operating Cash Guidelines Draft**
• The Committee reviewed a draft of the Operating Cash Guidelines. After comments by the Committee, UMS staff and NEPC will make several more adjustments and will bring a final draft to the upcoming Investment Committee meeting.

Adjournment,

Submitted by
Peter Small for
J. Kelley Wiltbank, Clerk