

RETIREMENT BOARD MEETING
December 15, 2011

Present:	Commissioner	P.J. Stevens Milan Gjurich Sam Valenty
	Commissioner Elect	Doug Lengenfelder Mark Wissinger Tom Chernisky
	Controller	Ed Cernic, Jr. Kristine Segear Dana Descavish
	Treasurer	Barbara Kline
	Treasurer Elect	Lisa Kozorosky

Commissioner Gjurich called the meeting to order at 9:34 a.m.

Motion made by Sam Valenty to approve the minutes of the October 21, 2011 monthly retirement board meeting. Motion seconded by Barbara Kline. Vote unanimous 5-0. Motion carried.

Public Comments: None
Old Business: None

New Business:

1. Motion made by P.J. Stevens to change the retirement interest rate to 4.00%. Motion seconded by Sam Valenty. P.J. Stevens and Sam Valenty voted yes. Ed Cernic, Milan Gjurich, and Barbara Kline voted no. Ed Cernic recommends the interest rate be kept at 4.75 %, it has only been moved one time in the last eight years and the fund has been doing well. Motion made by Ed Cernic to retain the 4.75%. Motion seconded by Barbara Kline. Ed Cernic, Milan Gjurich, and Barbara Kline voted yes. P.J. Stevens and Sam Valenty voted no. Motion carried.
2. COLA – review every three years. Hospitalization costs continue to rise and that basically is where the retirees’ increase is. Motion made by Ed Cernic for no COLA increase at this time. Motion seconded by Barbara Kline. Vote unanimous 5-0. Motion carried.

Morrison Fiduciary Advisors – Frank Burnette and Robert Bulas

The Investment Policy has been updated and amended. It has been agreed upon by the Controller’s office and reviewed by the Retirement Board. No further changes have been made. Motion made by Ed Cernic to approve the Investment Policy Statement

recommend by Frank Burnette. Motion seconded by P.J. Stevens. Vote unanimous 5-0. Motion carried.

Review of Asset Allocation as of September 30, 2011. The fund is marginally positive, less than 0.25%. Since the last meeting, CS McKee's benchmark has been changed and Valley Forge's benchmark was changed. CIM, Highland, and Biondo were put on watch for performance and fees. Highland's performance has had good months and expects to see better numbers when the 12/31 reports are printed.

Biondo has been trailing the benchmark since hire date by 11% and are trailing by 5% this quarter. Ed Cernic feels today that the board should set the course on divesting them. Motion made by Ed Cernic that Frank be instructed to inform Biondo that we will be making the change in the first quarter and that anytime there is cash in the account, the cash rolls to Ameriserv. Ed does not want to expose the Retirement Fund to any more losses. Frank agrees he will do that, but does not want a motion in that effect. After further discussion, Ed Cernic made the motion to terminate Biondo. Motion seconded by P.J. Stevens. Vote unanimous 5-0. Motion carried.

The plan is currently at 57% in stocks and the target per the policy is 61%. Twenty five percent of the stock portfolio is managed by four global equity managers using US and Foreign stocks rotating back and forth. Would like to recommend the global equity managers take some of their money and give them the foreign allocation from the investment policy statement so they become dedicated foreign equity managers. That way there will be a better understanding of how much we have in foreign equity. The excess will be placed in the domestic equity managers. The fixed income is at 38% and would like to get back to fully weight in equities. Quarterly report of all fees, the total investment manager fees are currently at 37 bps, which is \$541,000.00. This amount is pretty competitive.

Frank gave an overview of the re-allocation that Morrison would like to do. Motion made by Ed Cernic to process asset allocations proposed by Frank Burnette of Morrison, for Morrison to bring to the board in the first quarter three qualified candidates for Russell 1000 Growth manager and to not do anything with Highland and Raymond James until a summary of changes for them is provided. The following is a break down of the re-allocation. Move \$1.5 million to Clearbridge / Raymond James. Move \$8.6 million approximately to Vanguard Index Russell 1000 Growth Manager. Move \$5 million to Valley Forge. Take \$4 million from the Vanguard Value Equity Index. Move \$5.5 million into Small/Mid Cap Equity with CS McKee. Take \$11.6 million from American Funds Capital World Growth and International and terminate. Take \$1 million from GMO. Take \$3 million from Thornburg. Take \$1 million from FNB Fixed Income. Motion seconded by Barbara Kline. Vote unanimous 5-0. Motion carried.

Motion made to adjourn meeting made by Ed Cernic, Jr. Motion seconded by Sam Valenty. Meeting adjourned.

Ed Cernic, Jr.