

Retirement Board Meeting
May 14, 2012

Present:	Commissioner	Douglas Lengenfelder Mark Wissinger Tom Chernisky
	Controller	Ed Cernic, Jr. Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky

Commissioner Lengenfelder called the meeting to order at 10:02 a.m.

Motion made by Mark Wissinger to approve the minutes from the Monthly Retirement Board Meeting held on April 26, 2012. Request made by Doug Lengenfelder to add to the minutes that he wanted to consider mandating everyone regardless of age to go direct deposit, rather than following the Social Security guidelines. Motion seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Review of the attached Retirement Summary by Ed Cernic. The report provides a summary since the last Quarterly Board Meeting, which lists all the retirees, the retirement payroll for March, April, and the approximate for May and the rollovers/withdraws for March, April to date. It also lists what is paid from the General Fund for health care costs for the retirees. Currently there are 954 retirees.

Ameriserv Report – Mike Geiser provided the Portfolio Summary. As of close of May 14, 2012 the total market value is \$158,423,491.40 vs. the cost basis of \$149,256,035.47. Both GMO and Thornburg faired well despite the recent turmoil. Review of cash – CS Mckee Fixed is below the 2% threshold, per Frank Burnette they are within guidelines. Motion made by Ed Cernic to accept the Ameriserv report, motion seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Morrison Fiduciary Advisors – Frank Burnette provided a brief economic summary. Review of investment managers, their benchmarks and their allocations. Currently we are at 63% equity vs. the 60% target allocation. International Equity is at 12.4% vs. the 12%. We are over weighted in domestic stock. Total fixed is at 32.2% vs. the allocation of 36%. Real Estate is currently at 4.5% vs. the allocation of 4%. Review of performance summary. The total fund had a 1st quarter 2012 return of 7.49% versus its policy benchmark return of 8.15%. Highland Financial and CIM remain on watch status. Valley Forge had a 1st quarter return of 3.86% versus its benchmark of 12.9%. The account is currently positioned with an under weight in financials and technology along with an overweight in consumer staples, healthcare and telecom. Individual manager cash holdings at quarter end totaled \$1,091,679.00 which represents 0.67% of total assets. Review of the fee schedule. Lisa Kozorosky has a question in reference to the custody fees. Frank will follow up to the question and disclose to all board members.

CS McKee – Joe Buongiorno provided a brief history of CS McKee. Bob McGee Senior Vice President and Portfolio Manager spoke about their underperformance. Recap of fixed income, the beginning of the quarter the market value was \$30,691,597. At the end of the quarter the market value is \$28,652,428. The long-term record since inception shows value was added consistently and there were very few underperformances. Recap of small cap, the beginning of the quarter market value was \$19,397,295 and the end of the quarter was \$17,073,698. The difficult year in terms of performance was in 2011. CS McKee was engaged as a small/mid cap core equity manager and in 2011 went into a SMID cap at the recommendation of the previous consultant. Frank Burnette advised that SMID is mostly small and it under performed. The one bad year pulled down the other years. CS McKee was changed effective January 1, 2012 to a small cap core equity account benchmarked to the Russell 2000 index. CS McKee has exceeded their performance benchmark since inception by 157 basis points annually.

Valley Forge – Jim Gibson provided a history of the firm. Their strategy is to manage money while managing risk. Valley Forge had a 1st quarter return of 3.86% versus its benchmark return of 12.9%. Reasons for the 1st quarter underperformance are VFAM takes a defensive stance relative to economic growth. Economic surprises with Europe have turned negative. Asia and US growth are slowing. Ten year rolling return ended at one of the worst at the end of 2011; big part was dividend stocks. Gold market was up 12% in the first quarter, gold stocks were down 10-15%. The sectors that performed the best in 2011 have significantly trailed in the 1st quarter of 2012. The account is currently positioned with an under-weight in financials and technology along with overweight in consumer staples, healthcare and telecom.

CIM – Antoine Smalls and Edward Adatepe reviewed the performance summary. Since inception March 2010, CIM trailed its benchmark S&P 500 index less than 1%. The 4th quarter performance effectively matched the benchmark and the 1st quarter return of 13.7% exceeded its benchmark return of 12.5%. At quarter end the portfolio had 119 stocks and is well diversified across the large cap sector. Review of the top ten equity holdings. The best performance was financials, consumer discretionary and technology. Energy, industrials, and consumer discretionary sectors were slightly over weighted while financials and consumer stables sectors were under weighted at quarter end.

Motion made by Ed Cernic to go into executive session to discuss managers, seconded by Mark Wissinger. Executive session was from 11:44 a.m. to 12:05 p.m. No decisions were made during the executive session.

Old Business:

1. Review of the mailing that will be going out to the retirees in reference to the mandatory direct deposit. The first letter will be going out with the May checks.
2. Update on the Disability retirees being moved to the HMO supplemental plan due to being Medicare eligible. One of the five (5) retirees has returned the application and is being transferred into the supplemental plan, which will be a savings of \$555.23 per month. Another retiree is obtaining Part B. No notification received from the other three retirees. The Controller's Office is still waiting on the Commissioner's office to take action on a final policy to be able to proceed with the other three retirees.

New Business:

1. Motion made by Ed Cernic to ratify the action taken by the Commissioner's Office at the recommendation of the Controller's office on the following May retirees: Sharon Fees, Viola Ridilla, David Tarbay, Maria Waynik, Carla Weaver, and Marion Zunich. Motion seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
2. Motion made by Mark Wissinger to approve the buyback request made by Jackie Butterworth in the amount of \$1,912.18 to purchase previous service time of two (2) years, one (1) month and seven (7) days from 12/30/1985 through 02/05/1988. Motion seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0.

Motion made to adjourn the meeting by Mark Wissinger, motion seconded by Ed Cernic. Motion carried. Meeting adjourned at 12:15 p.m.

Ed Cernic, Jr.