

Retirement Board Meeting
April 25, 2013

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

Commissioner Lengenfelder called the meeting to order at 10:57 a.m.

Motion made by Lisa Kozorosky to approve the minutes from the Retirement Board Meeting held on March 20, 2013 Motion seconded by Ed Cernic. Motion carried. Vote unanimous 5-0.

Public Comments – The Board was in Executive session on April 24, 2013 from 10:45 a.m. to 11:00 a.m. discussing personnel issues.

Morrison Fiduciary Advisors – Frank Burnette was present to discuss the changes that were approved at the last meeting with FNB. FNB had presented to the board their new fixed income strategy and proposed to use Vanguard's high yield fund. Since that meeting, FNB has learned that this fund is closed to new investors. FNB is now recommending SEIX high yield fund, this fund does however have a significant fee increase of 13 bps to 57 bps. This is a mutual fund and the fee is not negotiable. FNB did look at other funds and the fee schedules were 56 bps to 61 bps. The board discussed the motion of placing a cap on the basis points that would allow FNB to move around within other high yield funds.

- Motion made by Ed Cernic to authorize FNB to use SEIX Investment Fund and also allow FNB to move around within other high yield funds as long as they do not exceed 60 bps in fees and stay within the criteria of the Investment Policy Statement. Motion seconded by Douglas Lengenfelder. Motion carried. Vote unanimous 5-0.

Discussion was held on the three managers who are currently on watch which are CIM, Valley Forge, and CS McKee. CIM currently has \$5.6 million, Valley Forge has \$12 million and CS McKee has \$11 million. CIM is already limited as to what they can do for the fund; they have trailed by a percent or two. Valley Forge missed the market by a couple percent for the first quarter. On December 31, 2012 Valley Forge had been missing the index over one year by 10%, and over four years by 4% a year. CS McKee has also substantially underperformed over one year by 8%. As your consultant I feel that each should be cut back to a minimum of \$5 to \$6 million so they are still a manager for the fund, but the fund would be more insulated. To handle the watch managers and rebalance the fund, my proposal as your consultant is to reduce Valley Forge by \$6.5 million and CS McKee by \$5.5million to get all watch managers under \$6 million in assets. Then move the money to fixed income, large cap Vanguard 1000 Growth Index, small cap Vanguard 2000 Value and Emerald. All of these moves would be within the Investment Policy guidelines.

- Motions made by Ed Cernic to approve the changes to the funds as recommended by Frank Burnette and approve the Vanguard 2000 Value Index Fund as a new manager. Motion seconded by Douglas Lengenfelder. Motion carried. Vote unanimous 5-0.

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 April Retirees: Jean Mullen, Claudia Merryweather, Brenda M. Jones, Diana L. Hoover, Susan M. Churilla, Patrick Tsikalas, and Daniel Yachtis. Motion seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
2. Motion made by Ed Cernic to approve the buyback request made by Joseph Szewczyk for Military time from February 14, 1968 through February 11, 1972 which is 3 years, 11 months, 27 days in the amount of \$15,615.40. Motion seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.
3. Information provided to the Board during Executive Session on the disability of Toni Papcunik. Motion made by Ed Cernic to approve the Disability Pension for Toni Papcunik effective November 8, 2012. Motion seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0

Motion made to adjourn the meeting by Mark Wissinger. Motion seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0. Meeting adjourned at 11:21 a.m.

Ed Cernic, Jr.