

Retirement Board Meeting
February 2, 2015

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

Commissioner Lengenfelder called the Retirement Board meeting to order at 10:05 a.m.

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on January 8, 2015. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Ed Cernic reviewed the retirement summary. January's retirement payroll was \$937,005.47 and February's retirement payroll will be approximately \$950,000.00. There are 1,031 retirees as of January 29, 2015. Motion was made by Lisa Kozorosky to accept the retirement summary report. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Diane Karpen from Ameriserv advised the Board that the current market value is \$184,684,244.12 and that all cash balances are within 3% with the exception of CS McKee. The \$770,000.00 transfer from CS McKee is not needed for the month of February and the money will stay invested. Motion was made by Ed Cernic to accept the Ameriserv report. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Frank Burnette advised that the fund returned about 6.91% last year which ranks in the 30th percentile. This year is starting out soft which was the same as last year. This year's return can be expected to be similar to last year's return. The best action we can do with this fund is to diversify. At year-end the total Fund's equity weighting was 65.5% versus its target equity weighting of 60%. Frank reviewed the actuarial funding policy that the Board requested he prepare for the Board's consideration. The policy details the County's annual pension fund contribution to be determined by the Fund Actuary after performing an annual fund valuation in the form of a report to the County Pension Board for use by the County Commissioner's during the next fiscal year budget process. The fund actuary CBIZ did review the policy and found it reasonable. This funding policy gives the county flexibility in relation to the actuarial funding ratio. Depending on range of the funding ratio that would determine the recommended contribution percentage. For 2015, the Commissioners have budgeted 8.93% of payroll to fund the pension fund.

- Motion was made by Ed Cernic to approve the actuarial funding policy as presented with the understanding that the policy begins in 2016. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0.

Frank reviewed the asset allocation of the fund. The equity allocation was 5% above the target allocation and the fixed was 4% below the target allocation. There has been discussion to add asset classes sometime in the future, but the current asset allocation the fund has would be sufficient to get the job done in terms of actuarial expectations. Ed spoke to the Board in regards to CS McKee and FNB's rank. They are both ranked in the 80th percentile. Ed feels that the Board should look at diversifying the funds both of these managers have.

The Board requested Frank to provide alternatives to invest some of the funds from CS McKee and FNB.

Ed also brought attention to the Board GMO's performance. GMO account's performance has lagged its performance benchmark over all time periods for the last three years. Ed thinks this manager should be put on watch.

- Motion was made by Ed Cernic to put GMO on watch. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

CIM and Navellier are still on watch. CIM exceeded its benchmark by 40 bps for the 2nd quarter and by 11 bps over the trailing 12 months. Navellier trailed its benchmark by 74 bps for the 2nd quarter but exceeded it 52 bps over the trailing 12 months. Navellier/Raymond James' fee is 45bps which is highly competitive in the marketplace for active equity managers. CIM is lowering their fee to 35 bps which matches the fee of Twin Capital, who was recently hired. The overall managers fees are 35bps, the total administrative fees are 9 bps equaling 44 bps which is the total fees as a percentage of Total Plan Assets.

Larry Giannone from Raymond James spoke briefly to the Board and introduced Pete Burchfield and Jim O'Leary from Navellier. Pete Burchfield thanked the Board for allowing Navellier to manage large cap equity. Pete advised that Navellier is approaching their three year mark with Cambria County. Navellier started with \$6.1 million and currently has a little over \$15.3 million. The portfolio is very diversified in forty two holdings. From July 31, 2013 to January 31, 2015, the portfolio is up 18.85% annualized over that period of time versus the Russell 1000 benchmark of 16.90% and the S&P 500 benchmark of 14.20%. This is gross of fees. December 2014 and January 2015 showed positive returns of 0.08% and 1.19% respectively. The benchmark for December and January was down 1.04 % and 1.53% respectively. Navellier is the top ranked large cap manager for one month, three month and year to date. The one year ranking is 22%. If the market goes into volatility, Navellier will capture 85% of the move which protects in the down market.

After the presentation the Board discussed Navellier and made the decision to leave Navellier on watch for another quarter, then discuss further.

Motion made by Ed Cernic to accept Frank Burnette's presentation. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous. 5-0

New Business:

1. Motion was 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 February retirees: Danielle McCully, Sally Kuzmyak, Elaine Patula, Joseph Cashaw, Joseph Staruch, Candance Mowery, Helen Melnik and Julie Hangey. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0.
2. Next meeting is scheduled for Thursday, March 12, 2015 immediately following the 10:00 a.m. Commissioner's Meeting.
3. Frank Burnette advised that Tom Leiden informed him that John Haynes, the advisor used for the bond issues, is interested in bringing a different firm to present to the Board. Ed advised Frank the process is in place of how we bring possible new managers to present to the Board and the Board needs to initiate the process. The Board will then have Frank do the research and bring the information to the Board. The Board will then make the decision if they would like them to present.

Motion was made by Mark Wissinger to adjourn the meeting. Meeting adjourned at 11:05 a.m.

Ed Cernic, Jr.