

Retirement Board Meeting
February 15, 2016

Present:	Commissioner	Thomas Chernisky William "BJ" Smith Mark Wissinger
	Controller	Ed Cernic, Jr. Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky

Commissioner Chernisky called the 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 14, 2016. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0.

Ed Cernic reviewed the attached Retirement Summary. There are currently 1,062 retirees. Retirement payroll for November was \$1,010,111.16. Motion was made to accept the retirement summary by William "BJ" Smith. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Diana Karpen presented the Ameriserv report. The market value as of today is \$161,653,379.06. Cash balances for the individual managers are at or below the 3% threshold except for Raymond James/Navellier, CIM, and Miller Howard who is currently at 6.929%. Ed Cernic questioned why Miller Howard was so high and Frank Burnette advised that they were being defensive in their strategy and waiting for a better time to put the money to use.

Frank Burnette reported to the board. Individual manager cash balances at quarter end totaled \$3,578,192.62 which represents 2.02% of total assets. Constitution Capital Partners issued capital calls in August, September, and January which fulfills the County's \$10 million capital commitment to their Ironsides Co-Investment Fund III. As a recap, in November GMO was terminated with proceeds transferred to DFA's International Core Equity portfolio. Also in November, Navellier large cap growth account was reduced by \$7 million in response to their continued underperformance. In December, Vanguard high yield fixed income account was terminated in response to credit concerns in the energy market. The proceeds were transferred into FNB's fixed income account. There is currently no exposure to lower grade credit. Frank reviewed the asset allocation of the fund. As of December 31, 2015, total equity is 59.2% versus target allocation 57%, total fixed income is 29.2 % vs target allocation of 31% and Non-Traditional is 11.7% versus target allocation of 12%.

Sam Piccioni and Jeff Wagner from FNB presented to the board. Sam Picconi informed the board that FNB is a Pennsylvania based registered investment advisor with over \$2.4 billion in assets under management. FNB began managing fixed income for the fund in 2008. Jeff Wagner is the chief investment officer who manages the fixed income account. He advised that FNB currently manages 15 % of the fund which is \$29 million dollars and charges 15 bps.

Bob Beichner from Vanguard presented to the board. Vanguard is headquartered in Malvern, Pa and is one of the largest mutual fund investment management firms with over \$3.2 trillion in assets under management. At year end, the total Fund utilized four Vanguard mutual funds totaling \$53,877,722 OR 30.5% of the fund. The four funds are Vanguard Russell 1000 Growth Index, Vanguard Russell 1000 Value Index Fund, Vanguard International Growth Equity Fund, and Vanguard REIT Index fund. Vanguard offers very low fees which are 8 bps on Value, Growth and REIT and 34 bps on International Growth.

Frank Burnette continue with his report and provided an analysis of the total funds fee schedule. The total investment manager fees as a percentage of the total plan assets is 0.33% and the total administrative costs as a percentage of the total plan assets are 0.10%.

Discussion by the board was held on the two managers who are on watch status and continue to underperform. CIM has been on watch since September 2012. CIM's has had negative performance consistently for the last five years. Raymond James and Navellier have been on watch since September 2013 and has had negative performance consistently for the last fours, trailing the fourth quarter benchmark by 561 basis points. Frank Burnette recommends terminating both CIM and Raymond James/Navellier and flow the money into the Vanguard Value and Growth Index funds.

- At the recommendation of Frank Burnette, Ed Cernic made the motion to terminate both CIM and Raymond James/Navellier and flow the money into the Vanguard Value and Growth Index funds. Motion was seconded by William "BJ" Smith. Motion carried. Vote unanimous 5-0.

Motion was made by Ed Cernic to accept Frank Burnette's, FNB's and Vanguard's reports. 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: Diana Olsavsky, Catherine O'Leary, Susan Bowman, Richard Unger, and Sandra Peterson. Motion was seconded by William "BJ" Smith. Motion carried. Vote unanimous 5-0.
2. Motion was made by Ed Cernic to approve the buyback request received from Jodi Geibig to purchase previous service time from 06/25/2001 through 03/03/2004 and 04/05/2004 through 4/30/2004 in the amount of \$3,911.51. Total service time two (2) years, nine (9) months, and five (5) days. Motion was seconded by Lisa Kozorosky. Motion carried. Vote 5-0.

The next scheduled Retirement Board Meeting is Thursday, March 24, 2016 immediately following the 10:00 a.m. Commissioner's meeting in the Commissioner's Meeting Room, 3rd Floor.

Motion was made to adjourn the meeting by Mark Wissinger. Meeting adjourned at 11:50 a.m.

Ed Cernic, Jr.