

Retirement Board Meeting  
December 22, 2016

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

Pledge of Allegiance

Commissioner Chernisky called the meeting to order at 10:31 a.m.

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on November 14, 2016. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

Old Business:

1. Frank Burnette reviewed the updates to the Investment Policy Statement. The statement is amended from the May 2015 statement. The asset allocation was adjusted to lower the foreign equity and fixed income allocations and increase the equity mix and alternative allocations of the portfolio. This adjustment is something that has been discussed in prior meetings and is not a knee jerk reaction to the market. Motion was made by Ed Cernic to adopt the revised Investment Policy Statement. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.
2. Motion was made by Ed Cernic to approve the 2017 Retirement Board meeting as presented. Motion was seconded by Lisa Kozorosky. 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 December retirees: Annette Feighner and Shirley Strittmatter. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.
2. Frank Burnette discussed the asset rebalancing. Ed Cernic previously questioned Frank to justify the 12% allocation to foreign equity and after reviewing the returns of foreign over the last two to four years the returns have been almost zero. The Board and Frank Burnette discussed the future of foreign equity especially with the new administration and the consensus of the Board and Frank was that foreign equity will underperform over the next year. To strategize, Frank Burnette made the recommendation to move \$8 million from the Foreign Equity investments and spread the \$8 million amongst Large Cap and Small Cap Equities. Currently we are 64% weighted in publically traded equities, 6% private equites and almost 7% in alternatives vs the target allocation of 69% for those asset classes. The fund in general is about as loaded as you can get for an up stock market environment. The fixed income is currently weighted at 23% versus the target allocation of 31% which is very conservative at a time when yields are very low. Diversifying away from fixed income at this time makes sense.
  - Motion was made by Ed Cernic to proceed with the asset rebalancing as recommended by Frank Burnette. Move \$8 million from International Equity -\$4 million from DFA and \$4 million from Vanguard International to Large Cap and Small Cap Equity (\$1 million to Vanguard Russell 1000 Growth Index, \$3 million to Twin Capital, \$1 million to Vanguard Russell 1000 Value Index, \$1 million to Integrity and \$1 million to Emerald. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Frank Burnette also advised that next year he will be bringing in managers to make presentations on two new asset classes, which are Private Real Estate and Private Debt, for the Board to consider for additional diversification to the fund.

3. There was a distribution to Cambria County December 20, 2016 from our investment with Ironsides through Constitution Capital Partners in the amount of \$150,124.79.
4. Annually the Retirement Board positions are reviewed. Retirement Board positions reimbursement from the Retirement Fund to the General Fund for Kristine Segear and Dana Descavish. Kristine Segear's current reimbursement is 20% from the Retirement Fund and Dana Descavish's is 50% from the Retirement Fund. Ed Cernic would like to increase Dana Descavish's to 75% reimbursement from the Retirement Fund because her work is dealing almost 100% with the Retirement Fund. Mark Wissinger stated that is being used to justify the position voted on at the previous Salary Board meeting. Lisa Kozorosky questioned the reimbursement amount after reviewing a previous Salary Board meeting agenda where the position of Full-Time Pension Benefits Health Care Administrator/Second Deputy is receiving a \$5,000.00 increase adjustment. There was extensive discussion concerning this position in comparison to other County positions.

- Motion was made by Ed Cernic to approve the reimbursement of 20% from the Retirement Fund to the General Fund on Kris Segear's salary and 75% from the Retirement Fund to the General fund for Dana Descavish's salary and to approve the salary of \$3,608.32 and \$4,775.99 on the Retirement Board positions respectively. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

The next scheduled Retirement Board Meeting is Thursday, January 26, 2017 immediately following the 10:00 a.m. Commissioner's meeting in the Commissioner's Meeting Room, 3<sup>rd</sup> Floor.

Motion was made to adjourn the meeting by William Smith.

Meeting adjourned at 11:09 a.m.

---

Ed Cernic, Jr.