

Retirement Board Meeting
February 13, 2017

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

Pledge of Allegiance

Commissioner Chernisky called the meeting to order at 10:04 a.m.

Motion was made by Mark Wissinger to approve the minutes from the Retirement Board meeting held on January 26, 2017. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Ed Cernic reviewed the retirement summary. There are currently 1,081 retirees. January's retirement payroll was \$1,060,187.94.

Diana Karpen provided the Ameriserv Report. As of close of business on Friday, February 10, 2017, the value of the fund was \$187,160,441.30. All managers are under the 3% cash balance threshold. From January 1, 2016 through December 31, 2016 Integrity had a total of \$448.17 in foreign tax withholding. The pension fund received a total of \$3,089.79 in proceeds from various litigation settlements for 2016. Motion was made by Ed Cernic to accept Ameriserv's report. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 4-0.

Bob Bulas reported on behalf of Morrison Fiduciary Advisors. Bob provided a brief economic summary. To recap the year, in November \$2 million was transferred from FNB fixed income to CS McKee to replenish the account and receive the break in fees. In December, Ironsides Co-Investment fund issued a distribution in the amount of \$150,124.79. The funds were transferred into C.S. McKee. In late December, \$8 million was transferred out of two international equity managers and reallocated to the fund's domestic equity and REIT managers. The Fund's 4.4% allocation to energy midstream MLP's have been impacted by lower energy prices but a significant recovery has occurred over the last several months. Miller Howard's 2016 performance is 5.85% after returning 1.97% for the 4th quarter. This manager is currently on watch status. The IRS Determination Project is being handled by the Controller's Office and we are awaiting the final IRS Determination letter. At year-end, the total Fund's equity weighting was 62.9% versus its target equity weighting of 58%. This overweight in equities helped the year end return of 9.21% (gross of fees). The fixed income weighting was 23% versus the target of 28% and the non-traditional weighting was 14.1% versus the target of 14%.

Vince Larence from Twin Capital spoke briefly to the board. He thanked the board for entrusting Twin Capital to invest on behalf of the pension fund. The account started with \$5 million and added additional money throughout the relationship. Twin had a very nice year last year and they are now serving nine counties. Assets under management are currently at \$1.57 billion and there are forty-seven clients. Chris Erfort, Portfolio Manager, spoke to the board about Cambria County's profile. Twin Capital offers a number of different strategies and Cambria County is in the Enhanced Equity Index Strategy. Cambria County's year end performance for 2016 (gross of fees) was 11.99 versus the S&P of 11.96. The net of fees return was 11.61. The fourth quarter of 2016 was a very strong quarter for Twin Capital; the return (net of fees) was 1.04%. Since inception the fund is up (net of fees) 6.91% which is an outperformance of 37 bps over the benchmark. The Enhanced Index strategy (gross of fees) has historically captured 101% of the market's upside return and 96% of the downside return. Twin Enhanced equity's performance in negative market environments offers heavy lifting in down markets. The expectation for 2017 is to be at approximately a 5-7% total return.

Gary Gustovich, Regional Director, reported on behalf of Dimensional Fund Advisors. He provide a brief overview. Dimensional is a global investment firm that has been serving investors for more that thirty five years. Dimensional Fund Advisors employ more than 1,100 employees globally and has \$460 billion assets under management. Cambria County is invested in the International Core Equity Portfolio. The portfolio inception was in September of 2005. Cambria County joined the portfolio in November of 2015. Gary reported that 2016 was a positive year. The fund returned 5.34% (net of fees) outperforming its benchmark by 2.59%. Since inception Cambria County's investment has beaten the benchmark by 2.40% (net of fees). Dimensional Fund Advisors lowered their fee to 30 bps from 38 bps effective January 1, 2017.

Bob Bulas from Morrison Fiduciary Advisors continued his report. He reviewed the fee schedule as a percentage of the fund. The total plan fees of the total plan assets are 42bps. Bob reviewed the performance summary for period ending December 31, 2016. The total return (gross of fees) was 9.21 versus the benchmark of 9.14, placing the fund in the 20th percentile. For the first quarter of 2017, the return was 2.49% versus 1.26.

New Business:

1. Motion was made by Mark Wissinger to ratify the action taken by the Commissioner's office at the recommendation of the Controller's office on the following February retirees: William Brustle and Michael Vuckovich. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 4-0.

The next Retirement Board meeting will be held on Thursday April 16, 2017 at 10:00 a.m. in the in the Commissioner's Meeting room 3rd floor.

Motion was made to adjourn the meeting by William Smith. Meeting adjourned at 10:55 a.m.

Ed Cernic, Jr.