

Retirement Board Meeting
January 25, 2018

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

Pledge of Allegiance

Commissioner Chernisky called the meeting to order at 10:12 a.m.

Motion was made by William Smith to approve the minutes from the Retirement Board meeting held on December 21, 2017. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

Old Business:

1. Frank Burnette attended the meeting to discuss with the Board increasing the Fund's 12% foreign equity allocation. Frank advised the Board the reasons for this asset re-allocation is that US stocks trade at 18x earnings, European stocks trade at 14x earning and emerging market stocks at 12x earning. Europe and Asian economies are recovering and growing much faster than the US economy. These valuation metrics make foreign stocks compelling. Another reason is that the general institutional trend is to hold much more than a 12% allocation in foreign equities. What is more common is holding 15 to 25% in foreign allocations. While Frank doesn't think that Cambria County should allocate that much, Frank does recommend increasing the Fund's foreign equity allocation by \$5 million and increase the funds exposure to emerging markets as follows - \$2.6 million to the DFA Emerging Markets Equity Fund and \$2.4 million to the Vanguard International Growth Fund. The \$5 million would come from the Fund's domestic equities. If approved, the Fund's foreign equity allocation would be 15%.
 - Motion was made by Ed Cernic, at the recommendation of Frank Burnette, to increase foreign equity by \$5 million investing \$2.6 million into DFA Emerging Markets Equity Fund and \$2.4 million into Vanguard International Growth Fund using monies from the funds domestic equities. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.
2. The Request for Proposal for Investment Advisory Consultant services was advertised. RFP's were due by January 24, 2018 at 3:00 p.m. Ten RFPs were received. A spreadsheet was distributed to the Board with all the key points of the proposals. The Board members discussed the proposals and eliminated six of them due to high fees and the fact that they were broker dealers. The Board will be reviewing the four remaining and discuss further at a special meeting that is going to be scheduled in two weeks. At that meeting, it will be decided on how the Board will move forward.

New Business

1. Motion was made by Ed Cernic to approve the request received from Robert Keilman to purchase per diem service time from February 17, 1992 through October 11, 1992 (7 months and 24 days). The total purchase amount is \$1,947.19 which includes interest compounded annually through the

purchase date of January 25, 2018. Motion was seconded by Mark Wissinger. Motion carried. Vote unanimous 5-0.

2. 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 January retirees: Nancy Denbleyker and Sharon Ostheim. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.
3. Ed Cernic informed the board that the PAPERS Spring Forum will be held in Harrisburg May 22-23, 2018

The next Retirement Board meeting will be held on Monday, February 12, 2018 at 10:00 a.m. 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.