

RETIREMENT BOARD MEETING
NOVEMBER 17, 2009

Present:	Commissioner	P. J. Stevens Milan Gjurich William Harris
	Controller	Ed Cernic, Jr. Toni Sherry
	Treasurer	Lisa Kozorosky
	Ameriserv	Mike Geiser
	Peirce Park	Michael Shone
	C. S. McKee Chase Investment	Joseph Buongiorno Peter Wood

Commissioner Gjurich called the meeting to order at 10:00 a.m.

Motion by P. J. Stevens to accept the minutes of the August 25, 2009 meeting.
Second by Ed Cernic, Jr. Vote unanimous 5-0.

Public Comments-None

Announcements-None

Ameriserv Report given by Mike Geiser. The current market value is \$148,012,623.56. Global equities are over weighted by 3.6 million and domestic equities are under weighted by 4.3 million. Difference is in fixed income and 1.4 million is being held in cash for transfers and payouts. Motion by Ed Cernic, Jr. to accept the Ameriserv report. Seconded by William Harris. Vote unanimous 5 – 0.

Presentation for C. S. McKee given by Joseph Buongiorno. C. S. McKee has been managing fixed income for Cambria County for quite some time and small cap for approximately one and one-half years. Joe reviewed the small cap returns for year to date and one (1) year. On the year to date, they were at 21.65% versus the Russell 2000 at 20.22%. They beat the benchmark by 1.43%. On the one (1) year review, they beat the benchmark by 11.52 %. They have a total of 9.4 billion dollars in asset and represent 425 clients in 34 states. There are 700 million in small cap assets. Increased 600 million in a two (2) year period. They are considering a soft close for this particular product, current clients can stay and add, but no new clients will be added. On the fixed income side, they have added a lot of accounts. There is about 600 million in this particular product and they have increased it about 50% in the last year. In the fixed income arena, they are in

the top 10% of managers throughout the country. Michael Shone questioned him on TIPS (treasuries). He stated that about a year ago there was very little interest in them, but they have rallied a lot and have caused significant out performance for fixed income. Since March of 2009, small caps are up about 80%. He attributes that to the fundamentals of the companies that they invest in. The economy was down by 6.6% in October but he has a good feeling that it will be up in 2010, if stimulus programs stay in place as 2/3 of success is driven by consumers. Growth outperformed value year to date.

Presentation for Chase given by Peter Wood. They are a large cap investor. Pierce Park and the Board have concerns over their performance. Peter defended the performance as their strategy. They buy companies that sustain growth, but that includes some risk and volatility. At times that does not work real well but it has happened before in 2002-2003. During the latest cycle, they added value at a bad time but have rallied some since March of 2009. Michael Shone addressed his concern over the example that he brought for the two-month period of March to May of 2009. Michael feels that they only captured about 50% of the upside and feels that it were their job to realize that. Ed Cernic stated his concern with their performance and recent emails received regarding some management issues including the lost of a key professional investment manager. Peter still maintained that this is their strategy. It has happened in the past and they have been able to rebound. Ed Cernic stated that the underperformance style is out of favor with the Board and the recent management issues make him uncomfortable.

Michael Shone gave the Peirce Park quarterly review. Vanguard is doing what they should be as they have met their benchmark with very little fees. Valley Forge Management was outstanding last year but has lagged some in the up market. Chase outperformed in the down market but under performed in the up market. They have gone from one extreme to the other and the Board may want to consider replacing Chase. C. S. McKee did exceedingly well on the fixed income side and feel that they are a nice combination with First National Bank. American Funds did well and Thornburg was up 31.5%. Michael also stated that the ARC contribution would continue to be around for a few more years. Recommended that the Board look into the aggregate method as that usually helps with the ARC. He also stated that Cambria County is in a good place relative to the ARC. There is only one other County with a better funding ratio. (assets vs. liabilities)

New Business-Presentations were given by Gordon Smith from Highland Financial and Andrew Fisher from CIM Investment Management regarding their investment products.

The Board went into Executive Session from 11:24 a.m. to 11:35 a.m.

Motion by P. J. Stevens to increase the fees of Peirce Park by \$6,000.00 annually. Seconded by Ed Cernic, Jr. Vote unanimous (5 – 0).

Motion by Ed Cernice to authorize Peirce Park to gather additional information from Highland Financial and CIM Investment Managers over the next three weeks to see

if they could meet our needs. If approved, the transfers would be funded by the termination of Chase. Seconded by William Harris. Vote unanimous (5 – 0).

Meeting adjourned at 11:55 a.m.

The next regular meeting will be scheduled at a later date for February.