

RETIREMENT BOARD MEETING  
FEBRUARY 10, 2009

Present:	Commissioner	P. J. Stevens
	Commissioner	Milan Gjurich
	Controller	Ed Cernic, Jr.
	Deputy Controller	Toni Sherry
	Treasurer	Barbara Kline
	Ameriserv	Mike Geiser
	Peirce Park	Michael Shone
Brandes	Robert Leirmoe	

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

Motion by P. J. Stevens to accept the minutes of the November 25, 2008 meeting.  
Seconded by Ed Cernic, Jr. Vote unanimous 4-0.

Public Comments-None

Announcements-None

Old Business-None

New Business-Ed Cernic, Jr., addressed the money available to fund the payrolls and withdrawals. There were two large payouts coming up, in addition to the regular payroll and the liquid account was down to approximately \$55,000.00. He said they were trying to leave as much of the money invested as was possible, but would have to address what managers the Board wanted to transfer money from. Michael Shone stated that more than likely, he would recommend from the fixed income managers, but they would address it later in the meeting.

Ameriserv Report given by Mike. Geiser. The balance as of February 9, 2009 was 129,116,023.80. The fund was up by 2.6% since the end of January. Ed Cernic expressed his concern for the managers who had investments in financials. Motion to accept the Ameriserv Report by P. J. Stevens. Seconded by Ed Cernic, Jr. Vote unanimous 4-0.

Brandes-Report given by Robert Leirmoe-He stated that one of their problems was that they are elevated in financials, however, their allocation is different from others. Only about one half of them are U. S. They chose some wrong companies and the capital

ratio was cause for the losses. He stated that the Japanese went through this in the 1990's and we are in the same holding pattern right now. He referred to the concern for the market regarding wireless vs. landline and pharmaceuticals. P. J. asked if he thought the stimulus package would bring about an increase for them. Michael Shone stated that Brandes makes distinctive bets and don't always stick to the Index. They are well positioned for a recovery because they were able to buy companies that they could never afford before. Robert stated that they have stepped away from GM due to a possible government takeover. He stated that their focus is on the long term. Michael reviewed their performance over the last five (5) years. They had the highest fees and were under their benchmark, they made mistakes in financials because they missed some major issues. He compared it to the Savings and Loan crisis in the 1990's and believes that they will outperform in the long term. Ed Cernic expressed the Board's frustration with the cost of their fees and the lateness of their reports. The Board is demanding that Brandes take responsibility for transmitting timely reports, especially when the markets are performing so poorly and the money is decreasing. Robert will work with Mike Geiser to try and get the figures in a timely manner. Robert stated that they are not satisfied with their performance but feel strong about the position that they are in. They have recently been showing signs of increasing even though they have been down the last five (5) years with the biggest decreases in the last two (2). He has confidence in the companies they have selected and feels that they will outperform in the future.

Peirce Park review by Michael Shone. Michael addressed the decision and questions regarding whether the funds should be rebalanced. Should the Board do it and how? He stated that when you are over, you should rebalance all the way and when you are under, you should only rebalance part of the way. He will do a restructure and send it to the Board members. He feels we need to rebalance since the market is on the downside. This downside is different from those in the 70's and 90's and he thinks we may have hit the bottom. This is the largest disparity that he has ever seen, the S&P is down 37%, International down 44%, Stocks are down 40% and Bonds are only up by 5%. Ed Cernic stated that Internationals did the worse, even though the Board gave them the opportunity to do Global as well. He is very frustrated because the County is the only one that loses. P. J. stated that everyone was a loser and that Brandes did perform very well in the beginning of the decade and we did take money away from Brandes. They have been put on a "watch" list and feels that the Board should keep them there. Michael reported that C.S.McKee and Evergreen did well. We currently have five (5) Domestics and Michael feels that it should be reduced to four (4). He stated that the State Retirement Plan funds have pummeled. They did well previously, but were too aggressive. Michael would like to address the possibility of some real estate investments with the Board at a later date, possibly the next meeting. Michael also reviewed with the Board how the returns are calculated. Motion to accept the Peirce Park quarterly report. Motion by P. J. Stevens. Seconded by Ed Cernic, Jr. Vote unanimous 4-0.

Motion by Ed Cernic, Jr., that Valley Forge Capital and Thornburg be scheduled to appear at the next meeting. Seconded by P. J. Stevens. Vote unanimous 4-0.

Motion by Ed Cernic, Jr., for approval for the Retirement Board members to attend the Paper Conference in May, with the expenses paid out of the retirement fund. Seconded by Barbara Kline. Vote unanimous 4-0.

The next Retirement Board meeting will be Tuesday, May 12, 2009, at 9:30 a.m.

Meeting adjourned at 11:45 a.m.