

RETIREMENT BOARD MEETING
MAY 13, 2008

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

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

Motion by P. J. Stevens to approve the minutes of the February 19 and March 14, (Special) 2008 meetings. Second by Ed Cernic. Vote unanimous 4-0. (Barb Kline had not arrived yet)

Public Comments-None

Announcements- Ed Cernic announced that the Retirement Board minutes would now be available on the Cambria County website.

Ameriserv report given by Mike Geiser. The value as of April 30, 2008 was \$170,212,151.24. It looks like we are overstated in International Equities, but once all the changes are complete the report will be revised. The fund is slowing increasing, up by \$600,000.00 since the last report. Mike will be moving \$500,000.00 into the checking account to fund the retirement payroll and withdrawals. Motion by P. J. Stevens to accept the Ameriserv report. Second by Bill Harris. Vote unanimous 4-0.

Peirce Park quarterly review given by Michael Shone. The fixed income area had a volatile market in the first quarter and it was not a good quarter for equities. Real estate was positive at an increase of 9-10% for the quarter. Cash (money market accounts) were affected by inflation (up 4.2%) and that has a direct and indirect impact on the fund. Mike reviewed a graph that showed the changes in the market over the last nine months. The patterns are different than historically. Could be a pretty good indicator that we are going into a recession and also an affect from the energy crisis. Last year growth outperformed value, this year value outperformed growth. We need growth, but need value more. The strong performers were Chase and Evergreen. The good performers were C. S. McKee and Vanguard (very inexpensive) and the poor performers were Tattersall and Brandes. Brandes decrease was attributed to the recent change over to global. Mike reviewed the reconciliation sheet showing the differences in the values

from Ameriserv vs. C. S. Mckee and explained that it is difficult to value but tends to believe that C. S. Mckee's figures were more correct. Mike expressed his concerns regarding Tattersall and the amount they have invested in mortgages and the fact that their benchmark does not include mortgages. They have been monitoring them closely. Their investments in treasury (government bonds) went from 23.1% to .2% to 0. Mike feels that this is a time to be more conservative and can't understand why they would choose to be entirely out of bonds. He is not comfortable with their methodology. So the question is, do we keep Tattersall and set certain criteria and monitor closely and wait and see what happens or do we terminate now? Ed Cernic questioned their fees vs. index funds. Tattersall's fees are approximately 22-25 basis points and index funds are .05-.06 basis points. We already have a relationship with State Street and Vanguard. Their fees are approximately \$3,000.00 annually. P. J. Stevens commented that they could rebound and maybe we should wait to see and then revisit to terminate. Ed Cernic compared their performance to C. S. McKee and would like to see the money transferred to Index funds. Bill Harris suggested that we watch them very closely and be prepared to move. They hold 14% of the total assets. Ed Cernic suggested that 10 million be taken from them, leaving them 13 million. Mike is not comfortable with their strategy but does feel that it will get better and then would make less of a profit if 10 million is taken away from them. Motion by Ed Cernic to move 10 million from Tattersall. Second by Barbara Kline. P. J. Stevens, Milan Gjurich and Bill Harris voted no. Motion failed to pass. Vote 2-3. Brandes had a very strong April. When value and deep value are down, they do well. They are now split between International and Domestic stocks. Mike recommends that we keep them, but make sure that we do not allow their total to increase substantially and move any excess amount if they do. Their fee structure is up at the end of June and it will need to be discussed at the next meeting. Motion to accept the Peirce Park report by P. J. Stevens. Second by Bill Harris. Vote unanimous 5-0.

Ed Cernic distributed updated Retiree Status report for the Board's information.
(Copy enclosed)

New Business-Motion by Ed Cernic that any Board member should be allowed to attend the Paper Conference on June 3, 4 & 5 in Harrisburg and that it should be paid for out of the retirement fund. P. J. Stevens indicated that all the Commissioners might be interested in going. Second by Barbarba Kline. Vote unanimous 5-0.

Mike Shone will call with dates for the next two meetings in August and November.

Meeting adjourned at 11:07 a.m.

(The next meeting will be held on Tuesday, August 26, 2008 at 10:00 a.m.)