

RETIREMENT BOARD MEETING
JUNE 22, 2010

Present:	Commissioner	P. J. Stevens Milan Gjurich Sam Valenty
	Controller	Ed Cernic, Jr. Toni Sherry
	Treasurer	Barbara Kline
	Ameriserv	Nick Debias
	Peirce Park	Michael Shone

Commissioner Gjurich called the meeting to order at 9:30 a.m.

Motion by P. J. Stevens to accept the minutes of the February 23, 2010, meeting.
Second by Sam Valenty. Vote unanimous 5-0.

Public Comments-None

Announcements-Ed Cernic stated that he and Barbara Kline attended the Papers Conference and felt that they got a lot of good information from it. Has spoken to Michael Shone regarding some of the changes taking place. Next, Milan Gjurich stated that the three managers that were doing presentations today would be limited to 10-15 minutes each.

The Ameriserv report was given by Nick Debias. The current market value as of June 16, 2010 was \$145,709,716.59. Motion by Ed Cernic to accept the Ameriserv report. Second by Barbara Kline. Vote unanimous 5 – 0.

The first presentation was given by Sharon Lolk for Biondo. They are a company with 400 million in assets with 14 employees located in Milford, Pa. The Investment Committee meets on a weekly basis. They look for companies with very high quality and compare them to their peers on a daily basis. They are considered a small firm but operates like a large one. They use an all cap growth strategy. They are 80% large cap but also do some investments in mid and small caps. The performance history shows returns with consistency while protected on the downsides. They perform well on the upside and give their clients one on one attention. They are always available to answer any questions and have solid footprints with other Counties. Ed Cernic asked if their fees were negotiable and Sharon stated that they would be if the investment were 10 million dollars or more. P. J. Stevens commented on their good track record. She feels that their process of 30 to 40 securities staged over a 30-60 day period is more unique than most and would critique the investment in whatever way was most comfortable for the County.

The next presentation was given by Larry Giannone and Evan Bauman from ClearBridge (aka Raymond James). Their company uses the multi cap style. Their track record over the last ten (10) years shows that they perform well during down markets. They are different from other companies as they dominate in growth and quality. They look for companies with a significant cash flow and low debt. They have 20 to 30 companies within the portfolio. The turnover averages between 5-10%. They take the bottoms up approach. Two of the companies that Evan mentioned were BioTech and San Disk and feel they are good companies with innovations as well as strong cash flows and

revenues with little or no debt. They feel that the market is positioned in their favor right now and are feeling very good about the companies that they buy for the longer term. They are an affiliate of Legg Mason. Their fees would be 90 basis points for 5 million and under and 85 basis points for over 5 million. They would need to go back to Clearbridge to get approval for any changes in the fees.

The last presentation was given by Gordon Smith of Highland Financial. This was Highland's third RFP. Gordon presented three portfolios of current clients. Two were comprised of equities and stocks and one was comprised of all equities. What they do is manage the managers and rate the managers especially in volatile markets. He referred to the disaster in Greece and feels that nothing is black and white. Gordon took a previous proposal he had given to the Board and made some changes showing investments in twelve (12) different mutual funds, 15-34% in US and 50% Global. In the first quarter they outperformed the benchmark. A conversation then took place regarding their fees. They vary depending on the type of the investment and are taken out of the returns.

ClearBridge was then called back in to discuss their fees. The Board asked them what the fees would be in the investment was under 5 million dollars. They would have to go back to their Board to discuss and would need some hard numbers to take back.

Motion by P. J. Stevens to disburse 3 million dollars to ClearBridge (Raymond James), 3 million dollars to Highland Financial and 5million dollars to Biondo with the stipulation that Raymond James comes back with acceptable fees. If not, their investment would be divided between the other two managers. Second by Barbara Kline. Vote unanimous 5 – 0.

Michael Shone then proceeded with the Peirce Park quarterly report. Michael discussed rebalancing and investing in Real Estate. He recommended 4% be invested in Real Estate and that it be taken out of Vanguard Equities. Motion by P. J. Stevens to transfer 5 million dollars from the Vanguard Index Fund to Vanguard Real Estate. Second by Ed Cernic. Vote unanimous 5 – 0. A discussion followed regarding an increase in Peirce Park fees due to the addition of more manages. The Board asked Michael for a proposal. Michael then gave the Performance Summary.

Meeting adjourned at 11:00 a.m.

Ed Cernic Jr.