

A meeting of the Retirement Board was held on Wednesday, August 19, 2009 at 9:30 a.m. in the boardroom of the Commissioner's office.

Commissioner Zapotosky asked Controller Lally to do the Roll Call and Agenda items as he had a dental problem.

Controller Lally called the meeting to order at 9:38 a.m.

1. Roll Call

Roll call was taken and the following members were present:

PRESENT: Vince Zapotosky, Commissioner
Robert Danko, Treasurer
Sean P. Lally, Controller

ABSENT: Angela Zimmerlink, Commissioner
Vince Vicites, Commissioner (**arrived at 9:52 a.m.**)

The following were also in attendance during the meeting:

ALSO PRESENT: Patricia Parrucci, Director Client Service, Allegiant Group (National City)
Andrew Fisher, President, CIM Investment Management, Inc.
Steve Maslek, Chief Administrative Officer, CIM Investment Management, Inc.
Frank Burnette, Morrision Fiduciary Advisors
Liz Zemba, Tribune Review
Betty Stutzman, Administrative Assistant, Controller's Office

2. Public Comment

Let the record reflect there was no public comment.

3. Approve the May 27, 2009 meeting minutes

Moved by Controller Lally, seconded by Commissioner Zapotosky to approve the May 27, 2009 meeting minutes.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

4. Authorize postage fees for the months of May, June, and July 2009

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to approve postage fees for the months of May, June, and July 2009 in the amounts of \$81.84, \$78.32, and \$82.39.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

5. Authorize payment of actuarial fees to the Hay Group

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 3rd quarter actuarial fees for the period of July 1, 2009 to September 30, 2009 to the Hay Group in the amount of \$6,261.00.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

6. Authorize payment of management fees to Sector Capital Management

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to Sector Capital Management in the amount of \$6,428.88.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes

Treasurer Danko Yes

MOTION CARRIES UNANIMOUSLY

7. Authorize payment of management fees to FNB Wealth Management

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to FNB Wealth Management in the amount of \$5,840.79.

The vote was:

Commissioner Zapotosky Yes
Controller Lally Yes
Treasurer Danko Yes

MOTION CARRIES UNANIMOUSLY

8. Authorize payment of management fees to FNB Wealth Management/GWK

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to FNB Wealth Management/GWK in the amount of \$7,077.88

The vote was:

Commissioner Zapotosky Yes
Controller Lally Yes
Treasurer Danko Yes

MOTION CARRIES UNANIMOUSLY

9. Authorize payment of management fees to CIM

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to CIM in the amount of \$5,260.03.

The vote was:

Commissioner Zapotosky Yes
Controller Lally Yes

Treasurer Danko Yes

MOTION CARRIES UNANIMOUSLY

10. Authorize payment of management fees to U.S. Asset Management, Inc. / BlackRock

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to U.S. Asset Management, Inc. /BlackRock in the amount of \$3,346.91.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

11. Authorize payment of management fees to Federated Investors, Inc.

Moved by Treasurer Danko, seconded by Commissioner Zapotosky to authorize payment of the 2nd quarter 2009 management fees for the period of April 1, 2009 to June 30, 2009 to Federated Investors, Inc. in the amount of \$6,714.43

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

12. Authorize payment of quarterly custodian fees to National City Bank (Allegiant)

Moved by Treasurer Danko, seconded by Commissioner Zapotosky to authorize payment of the 2nd quarter 2009 custodian fees for the period of April 1, 2009 to June 30, 2009 to National City Bank in the following amounts:

CIM	\$ 716.64
FNB	\$ 787.27
Federated Investors	\$1,247.56
Sector Capital	\$ 857.15
US Asset/BlackRock	\$ 797.84
FNB/GWK	\$ 620.63
Delaware	\$ 616.87

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

13. Authorize payment of quarterly consulting fees to Morrison Fiduciary Advisors, Inc.

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of the 2nd quarter 2009 consulting fees for the period of April 1, 2009 to June 30, 2009 to Morrison Fiduciary Advisors, Inc. in the amount of \$4,235.73.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

14. Authorize payment of advertising fees to the Pittsburgh Post Gazette

Moved by Commissioner Zapotosky, seconded by Treasurer Danko to authorize payment of advertising fees for RFP #09-02 for a pension plan investment performance consultant to the Pittsburgh Post Gazette in the amount of \$492.00.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

15. Distribute Federated Investors, Inc.'s Investment Review Booklet for the 2nd quarter 2009

The booklets were in each board member's packet of information to be reviewed at their convenience.

16. Presentations

- 1 CIM – Large Cap Value Equity Manager
- 2 Allegiant/PNC – Custodian

Frank Burnette stated neither firm was here for their presentation, but he did tell them the presentations normally start a little late.

Please note the Board went out of the Agenda order to Item # 17

17. Discuss giving the Controller the authority to pay the monthly postage bills upon receipt

Controller Lally stated this was put on the Agenda to give the Controller's office the authority to pay the monthly postage bills upon receipt instead of waiting until the quarterly meetings. Controller Lally informed the Board that it would be around \$200.00 at the most. Commissioner Zapotosky stated he had no problems with this.

Commissioner Zapotosky made a motion to give the Controller's office the authority to pay the monthly postage bills upon receipt, seconded by Treasurer Danko.

The vote was:

Commissioner Zapotosky	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

18. Distribute and discuss Morrison Fiduciary Advisor's investment performance booklet for the 2nd quarter 2009 period ending June 30, 2009.

The Board discussed the ARC payment and Controller Lally informed the Board that \$1.9 M is the estimate as

of today's current market.

Frank Burnette discussed the Fund's asset allocation and bench marks with the Board. Controller Lally stated the Fund went from a low of \$36 M to a high of almost \$40 M.

Let the record reflect that Commissioner Vicites arrived at 9:52 a.m.

Frank Burnette informed the Board the only manager he is concerned with is U.S. Asset/BlackRock, fixed income manager, as they are not meeting the benchmarks; however, they are scheduled for a presentation at the next meeting on November 18, 2009.

Frank Burnette informed the Board he has evaluated all fee schedules relative to industry standards and he feels the fees are competitive.

Frank Burnette informed the Board that the November 18th, 2009 meeting BlackRock and Federated will give presentations and the Hay Group's presentation will be via a telephone conference.

Frank Burnette informed the Board that there are legislative proposals at the State which would amend the pension laws and allow the Board to amortize 2008 losses over longer periods of time which could lower the Fund's ARC payment or changes the timing of the payment. Frank Burnette stated that this proposal is sitting behind the budget issue, but it is getting a lot of attention and discussion.

16. Presentations

Allegiant (National City), Patty Parrucci, Director of Client Services,

Patty Parrucci explained to the Board the transition of National City to PNC. Patty Parrucci informed the Board that the trust system will switch over to PNC beginning the end of this year through the first quarter of 2010; the web connect and trust statements will be different. Patty Parrucci informed the Board that the centralized office unit is located in Cleveland, Ohio, but it will eventually all be done in Pittsburgh, which she feels will be a good thing.

Patty Parrucci informed the Board that the current fee schedule will get grand-fathered into PNC; therefore, they don't expect any fee schedule changes.

Patty Parrucci explained that Allegiant has two areas, one is the trust area and the other is the investment management area. The investment management area is being blended with PNC Capital Advisors and the trust area is going to be part of the PNC Institutional Investment Group (IIG).

CIM Investment Management, Inc.

Frank Burnette informed the Board that he spoke with Steve Maslek yesterday and he would be here for the presentation today, but he is not here.

Frank Burnette stated their investment returns are somewhat meaningless as they have not been a manager for 2 full quarters yet, so it would have been more of a social call than any real review.

Miscellaneous Items of Discussion

Frank Burnette informed the Board that Sector Capital called him saying that they are re-structuring as they had a couple of people quit and they will send the Board a letter of explanation. Frank Burnette stated in his business when companies change personnel, you have to pay close attention to the company; however, they have been such a good manager, he assumes they will transition without problems.

Frank Burnette wanted to discuss the process of withdrawals; when a withdrawal is needed to fund the Pension Fund, it is withdrawn evenly from each manager and deposited in the checking account to pay retirees' benefits and quarterly invoices. Frank Burnette stated that \$50,000 was taken from each manager and he feels that is a lot of work for each manager to raise the cash to the extent that it can be simplified by taking the funds from one manager and when the accounts are periodically re-balanced that money will be replenished. Frank Burnette stated that Federated Investors has a large amount of money, and if they end up being the cash manager, it will be an easier operational process as they are using a mutual fund where it is very easy to get to the money.

Controller Lally asked Frank Burnette if he asking the Board to make a motion that Federated is the sole source of draw downs. Frank Burnette replied he is just making sure the Controller's office agrees with his suggestion. Frank Burnette suggested taking the funds from one fixed income manager and on a quarterly basis and he will see what needs re-balanced, and it will be a lot easier.

Commissioner Zapotosky stated this does not need to be in a motion form, it can be done administratively. Frank Burnette stated he is comfortable with it being done administratively.

19. Discuss RFP #09-02 for Pension Plan Investment Performance Consultant (continued)

Controller Lally called for an executive session to continue the discussion of a Consultant for the Pension Plan. Controller Lally explained the spreadsheet that was presented to the Board members regarding the Retirement Board Consultant Questionnaire.

Commissioner Zapotosky made the motion to end the executive session so all discussion will be public and it will be a record of discussion, seconded by Commissioner Vicites.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Vicites	
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

All Board members present agreed to have 4 firms called in for a final presentation to answer any questions the Board may have.

All Board members agreed to have Frank Burnette of Morrision Fiduciary Advisors, Inc. be included in the final presentations.

Controller Lally made the motion that Morrision Fiduciary Advisors, Inc. be invited for the final round of presentations for the Retirement Board Consultant position, seconded by Treasurer Danko.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Vicites	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

Controller Lally asked the Board members if they agree that PFM Advisors and Peirce Park should not be part of the final presentations.

Commissioner Zapotosky stated he does not agree with PFM Advisors, but does think Peirce Park should be invited for the final presentations.

Let the record reflect that Liz Zemba of the Tribune Review arrived at 10:35 a.m.

Commissioner Vicites agreed that Peirce Park should be included in the final presentations.

Commissioner Zapotosky made the motion for Peirce Park to be invited for the final round of presentations for the Retirement Board Consultant position, seconded by Commissioner Vicites.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Vicites	Yes
Controller Lally	Abstain
Treasurer Danko	Yes

MOTION CARRIES 3 – 1

Controller Lally questioned the Board members if there was any interest in BPU Investment Management. Controller Lally stated they have no experience and their fee structure is more than Morrision Fiduciary Advisors for the 1st year, but it becomes less the 2nd and 3rd year. Commissioner Zapotosky stated in his opinion they were inexperienced.

Commissioner Zapotosky stated that instead of making a motion on all firms, to only make a motion on the four firms being chosen for final presentations.

Commissioner Vicites stated he would like to take a further look at Smith Barney Stone-Fiore Group as they give the best dollar value for what they do and how they are structured. Commissioner Zapotosky agreed and stated they also have no trading costs.

Commissioner Zapotosky stated that by having them in for the final presentation, the Board will have the opportunity to ask questions and get more detail of their firm.

Controller Lally stated that in his personal opinion, Smith Barney Stone-Fiore Group's firm comes up with some sort of SEC violations and he will research it, but he will abstain from the vote until he has further information. Both Commissioner Zapotosky and Commissioner Vicites stated they were not aware of any SEC violations, but the Board could ask them when they come for a final presentation.

Commissioner Vicites made a motion for Smith Barney-Stone-Fiore Group to be invited for the final round of presentations for the Retirement Board Consultant position, seconded by Treasurer Danko.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Vicites	Yes
Controller Lally	Abstain
Treasurer Danko	Yes

MOTION CARRIES 3 – 1

Commissioner Zapotosky asked the Board members if anyone had a recommendation for the fourth firm for a final presentation as he felt it was not necessary to go through each firm.

Controller Lally made a motion for U.S. Asset Management, Inc. to be invited for the final round of presentations for the Retirement Board Consultant position, seconded by Commissioner Vicites.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Vicites	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

Controller Lally stated that at this point, Morrison Fiduciary Advisors, Peirce Park, Stone Fiore Group and U.S. Asset are being invited back for a final presentation for the consultant position.

Controller Lally stated that Frank Burnette's contract is set to expire September 30, 2009; therefore, he would like to get all 4 firms in one day of presentations so the Board can make a decision.

Commissioner Vicites stated that Frank Burnette's contract has a 30 day out and he does not want to rush into anything.

Controller Lally stated there is nothing wrong with being more educated with the firms and what they offer.

Commissioner Zapotosky stated this is a calendar year issue and if the Board is not able to secure someone, then the 4th quarter of 2009 will finish with Frank Burnette and the Board will still have the 30 day option to continue the contract.

Commissioner Zapotosky questioned the time frame of the presentations. All Board members agreed to a 20 minute presentation.

The Board members agreed to have 2 firms in the morning and 2 firms after lunch give their presentations. Controller Lally suggested having the meeting on Wednesday, September 9th, 2009, contingent with the availability of Commissioner Zimmerlink.

Let the record reflect that Liz Zemba of the Tribune Review left the meeting at 10:52 a.m.

16. Presentations (continued)

CIM Investment Management, Inc.

Andrew Fisher, President of CIM and Steve Maslik, Administrative Officer, apologized for their tardiness. A 2nd quarter review booklet was distributed to all members. Both Andrew Fisher and Steve Maslek went over the details of their booklet and the status of the CIM account with the Board members.

20. Public Comment

Let the record reflect there was no public comment.

21. Adjournment

Controller Lally motioned to adjourn the meeting at 11:05 a.m. Treasurer Danko seconded the motion.

