

Commissioner Vicites	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES UNANIMOUSLY

4. Authorize payment of actuarial fees to the Hay Group

Moved by Controller Lally, seconded by Treasurer Danko, to authorize payments for the months of September 2008 and October 2008 to the Hay Group in the amounts of \$2,254.00 each.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

5. Authorize payment of management fees to Sector Capital Management

Moved by Controller Lally, seconded by Treasurer Danko to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to Sector Capital Management in the amount of \$9,083.03.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

6. Authorize payment of management fees to FNB Wealth Management

Moved by Treasurer Danko, seconded by Controller Lally to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to FNB Wealth Management in the amount of

\$8,023.72.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

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

Moved by Controller Lally, seconded by Treasurer Danko to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to FNB Wealth Management/GWK in the amount of \$6,847.58.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

8. Authorize payment of management fees to U.S. Asset Management, Inc.

Moved by Controller Lally, seconded by Treasurer Danko to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to U.S. Asset Management, Inc. in the amount of \$6,228.30.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

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

Moved by Treasurer Danko, seconded by Controller Lally to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to U.S. Asset Management, Inc. /BlackRock in the amount of \$4,570.57.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

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

Moved by Controller Lally, seconded by Commissioner Vicites to authorize payment of the 3rd quarter management fees for the period of July 1, 2008 to September 30, 2008 to Federated Investors, Inc. in the amount of \$7,869.35.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

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

Moved by Controller Lally, seconded by Commissioner Vicites to authorize payment of the 3rd quarter custodian fees for the period of July 1, 2008 to September 30, 2008 to National City Bank in the following amounts:

FNB	\$ 941.34
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Federated Investors	\$1,461.13
Sector Capital	\$1,010.08
US Asset	\$ 715.39
US Asset/BlackRock	\$1,018.20
FNB/GWK	\$ 588.66
Delaware	\$ 483.17

The vote was:

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

MOTION CARRIES UNANIMOUSLY

12. Authorize payment of quarterly consultant fees to Morrision Fiduciary Advisors, Inc.

Moved by Controller Lally, seconded by Treasurer Danko to authorize payment of the 3rd quarter consulting fees for the period of July 1, 2008 to September 30, 2008 to Morrision Fiduciary Advisors, Inc. in the amount of \$4,910.49.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

Let the record reflect that Commissioner Zimmerlink arrived at 9:40 a.m.

Let the record reflect the Board went out of sequence of the Agenda to #14 as Hank Stiehl of the Hay Group was on the telephone for the scheduled telephone conference.

14. Discuss COL for retirees via telephone conference with Hank Stiehl of the Hay Group

Frank Burnette confirmed with Hank Stiehl of the Hay Group that all cost of living increases for the retirees are solely a Pension Board issue. Hank Stiehl stated it is strictly a Pension Board decision and Act 96 requires the

Pension Board to review it at least once every 3 years and the Board decides to offer a cost of living increase or not.

Commissioner Zimmerlink asked Hank Stiehl if it has always been that way and Hank Stiehl replied that yes it has. Commissioner Zimmerlink stated that in the past she remembers a few of Hay Group's letters mentioned a change in the pension law and she was under the impression the County was doing the COL yearly and she was not certain if it was something that was required or was a change in the pension law, but the County has to review the COL every 3 years. Hank Stiehl replied that the County is never required to give one, but the County chose to give one every year since 1999.

Commissioner Zimmerlink also asked for an explanation of how the dollar figure was arrived for the COL. Commissioner Zimmerlink stated that in the past minutes Treasurer Danko and the former Controller had mentioned that historically the County would use 70% or 75% of the CPI and that is how the dollar figure was arrived. Hank Stiehl informed Commissioner Zimmerlink that was correct and that Act 96 also states that you have to give an increase based on an index and the CPIU (urban index) has been chosen over the years.

Commissioner Vicites stated the COL has been reviewed on a yearly basis and the Board makes the COL decision based on the letter received from the Hay Group. Hank Stiehl stated in their letter they are measuring the CPI based on the last increase given to the current CPI and that is how the cost figures are determined.

Controller Lally questioned what is the current CPI rate and Hank Stiehl stated they are using 4.8% this year.

Commissioner Zimmerlink stated if the County chose the 75% COL, then the funding requirement per the Hay Group's letter would be \$401,683 for this year, whereas last year the County chose a 75% COL at a cost of \$178,639, which is a little over a \$200,000 increase. Hank Stiehl explained that because inflation jumped so much, last year's rate was 2.7%.

Commissioner Zimmerlink asked Hank Stiehl if this money is being taken from the fund itself for the COL raises and if the Retirement Board decided not to give a COL increase this year, would that lower the ARC payment. Hank Stiehl replied that basically when giving a COL increase, the figure represented in their letter is the present value of the amount necessary to give the increase to everybody that is eligible for their expected lifetime. Everybody that had a retirement date of 2007 and going back would be eligible for the increase and it would be paid for their expected lifetime and this is a present value figure based on that money going into the fund and earning 7.5% going forward. Hank Stiehl stated that most counties do not put that amount into the fund up front; basically you are increasing your liabilities to your retired lives by \$400,000 and it basically filters into the ARC payment; therefore, when you don't give a COL increase your ARC payment is less. Hank Stiehl stated you are basically spreading this \$400,000 payment out over 13 years. Hank Stiehl stated the total liabilities for retired members and the actuarial report was \$10.9M in liabilities and \$1.4M of this was the COL increases given in the past.

Controller Lally stated the bottom line to him is if the Board agrees to do a 3% COL increase in retiree benefits, the amount that has to go into the fund is \$401,683.00. Hank Stiehl responded the way you give a COL increase is one of the percentage of changes in the CPI and whatever the funding amount that is stated in their letter. Hank Stiehl stated you are basically increasing your liabilities for evaluation purposes; therefore, if you give an

increase effective 2009, the impact isn't felt until the 2010 actuarial report which is when the County would start funding the COL increase.

Commissioner Zimmerlink inquired if the County could rescind the COL increase since it's paid over a period of time and Hank Stiehl replied that no, once the COL increase is given, it is there. Commissioner Zimmerlink asked that since a COL increase was approved in December 2007, and it's not going to be paid out, why couldn't the County rescind the amount. Hank Stiehl responded that it has been paid out and the COL increases for December 2007, and those benefit payment increases were paid in 2008. Hank Stiehl stated the benefit increase goes into effect right away; if a COL increase is given for 2009, it will be effective in January 2009 and it is the funding that lags.

Commissioner Zimmerlink inquired that if the County decided not to do a COL increase which would be 75%, which historically the retirement board has done in the past, and since that funding requirement is \$401,683.00, is there a way this would affect the estimated ARC payment for 2009; would it decrease the Hay Group's estimate? Hank Stiehl stated it would not affect the ARC until 2010, but it would not change the 2009 ARC payment. Hank stated this COL increase for 2009 would not start being funded until 2010, and the total dollar amount gets amortized starting in 2010 and that annual impact is \$49,000.

Commissioner Vicites stated that historically the last 13 or 14 years, there was one year where a COL increase was not given. Treasurer Danko stated that was in 1992. Commissioner Vicites stated that every COL increase that was given was 75%.

Treasurer Danko stated there are a lot of counties that only review their COL increase every 3 years and they don't give a COL increase every year.

Commissioner Vicites stated that of the increases that were given in the last several years, they have always been given by unanimous vote.

Commissioner Zimmerlink stated that all board members agreed in 2007 for a COL increase.

Hank Stiehl stated that to keep giving the COL increases in the past, the County had been fully funded for a quite a long time and it is a lot easier to increase benefits when you don't have an ARC payment.

Commissioner Zimmerlink stated the past and present board members take that into consideration; when you have a well funded pension and the economy is working, you are doing what you are supposed to be doing and that is giving the money to those who put the money into the retirement fund to begin with. But obviously, if the economy changes and the fund's value is not what it should be, then it would be reckless to give a COL increase on a poorly funded pension fund.

Commissioner Zaposky stated the taxpayers will have to shoulder the responsibility. Hank Stiehl stated the fund is facing a possible ARC payment next year because of the drop in assets and the Board is having concerns about funding the ARC payment without giving COL increases.

Commissioner Zimmerlink stated that based on the information Hank Stiehl has given the Board, the fact that a

COL increase is not required and the value and status of the pension fund, she is not going to agree to an increase in the COL.

Commissioner Zimmerlink inquired of Hank Stiehl #1 if it is a requirement of pension law or county code, or both, that a 4th class county must fully fund their pension. Commissioner Zimmerlink stated that if the answer is yes, then she understands whatever ARC amount the Hay Group estimates, that amount has to be placed in the fund. And #2 if it is not required is there a percentage of it that must be required, as obviously not everyone is going to retire at the same time.

Hank Stiehl replied to #1 that yes, the ARC payment is required, but the reality is that some counties and other municipalities don't necessarily pay the whole ARC payment every year, even though it is required.

Commissioner Zimmerlink asked since the ARC is estimated and no one has a crystal ball as to how the economy is going, is there a way that the Commissioners can set monies aside in perhaps a restricted account and not place the cash up front into the general fund. Commissioner Zimmerlink stated it is no secret that the County has a budget reserve going into 2009; therefore, could the Commissioners perhaps take a portion, say \$500,000 into the Retirement Fund and perhaps take the other \$500,000 from the budget reserve and place it into a restricted account so that in the year 2009 if it is needed, then the funds could be transferred.

Hank Stiehl responded that yes that would be permitted, but the \$900,000 is an estimate for budget purposes and the actual ARC is calculated when the actuarial report is done. The ARC for 2008 was \$0, but once they get the actual data updates for next year, they will re-run the valuation and do a report for 2009 and that will be the actual ARC payment amount that will be needed in the fund for 2009. Hank Stiehl stated that if \$900,000 was budgeted and the market skyrockets in the last month of 2008, and the actual ARC comes out to be \$500,000, his understanding is the other \$400,000 could be used for other purposes. Hank Stiehl stated he does not know the mechanics of the budget, but there are two different numbers; one for just budget purposes and one is the actual number that the Hay Group calculates that is required to be put into the fund.

Controller Lally stated if the money was put into a restricted account, you would limit future earnings potential based on the fact that that money is not in the actual pension fund collecting the revenue stream it would in the free market as opposed to an interest bearing checking account. Hank Stiehl replied yes to Controller Lally's statement, but he is not sure if this is a fund that is accumulating money in to pay the ARC. Controller Lally stated he is speaking specifically that if the County does decide to cut a check for \$900,000 for the ARC contribution, though that is a liability to the County, it goes into the net assets of the pension fund; that being said, it is more money to use for future investments to where if it sits in a restricted account, it is only earning the interest that the bank chooses on paying at that particular point.

Hank Stiehl stated the County is not required to put \$900,000 into the fund at this point. The \$900,000 is an estimate of what the Hay Group thinks next year's ARC is going to be based on current information, estimating the liabilities on what they think they will be and the current asset situation. This number is only an estimate and for budget purposes; the actual amount the County will have to put into the fund will be determined when the Hay Group does the actuarial evaluation in the spring, after they receive the updated data and they update the County's data base and rerun the valuation.

Commissioner Zimmerlink asked Hank Stiehl if he could narrow down spring and he replied the report this year was dated June 23rd and it's a function of the evaluation process. Hank Stiehl explained this process to the Board and as soon as the County sends the updated data, the Hay Group will determine the actual ARC payment for 2009.

Commissioner Zimmerlink stated as a follow-up to the statement of Controller Lally that putting the monies into the general fund or keeping it in the pension fund where it would accumulate a possibly better return of interest than in a checking account; isn't it possible to put those monies perhaps into a mutual fund such as a van guard mutual fund and it would gain more interest. Frank Burnette stated that general funds cannot be invested that way. Commissioner Zimmerlink stated she is not talking about putting the monies in a general fund, but putting it into a different fund like the County does it's HAVA. Controller Lally asked Commissioner Zimmerlink if she is asking fundamentally the contribution that the County is required to make, does it have to go directly into the pension fund or can we put it into other assets. Commissioner Zimmerlink replied to put the monies into another account, only for those purposes, if it is needed; if the County puts in \$500,000 and it is needed then the County would use it, but we would not put it in the general fund.

Commissioner Zapotosky stated that how the County does it is irrelevant, as long as the County makes that annual requirement. Commissioner Zapotosky stated it is ok to have \$500,000 down so to speak and have \$500,000 in some other fund somewhere, as long as the County is making the annual requirement in whole for that particular fiscal year and the County is complying with Act 96, to which Hank Stiehl agreed.

Commissioner Zimmerlink stated this is important for budget purposes as the general fund is derived by County tax dollars; whereas if the County utilizes the budget reserves, the County could perhaps take those monies, set it aside and use it, whether it is \$900,000 or \$500,000, it would have a much less impact on the general fund.

Commissioner Zapotosky stated the Board has been discussing this option. Commissioner Vicites stated that what the Board has to be careful of is putting this money into a restricted fund and then can't use it for that purpose; if money is put into a capital reserve fund it can only be used for capital projects. Commissioner Zimmerlink stated the Board said "restricted" for that purpose, and if the money is not used for the ARC, then the money goes back into the general fund. Commissioner Vicites stated what he is saying is the money has to be in a flexible enough fund so that if it is needed for the ARC, you can get it.

Frank Burnette stated the stock market is down 35%, with about 5 weeks left to trade in 2008 and the chances of the fund having a heroic recovery by January 1, 2009 is very remote. Frank also stated that frankly, the assets of the plan are probably a little bit lower than this last estimate, so the ARC now is at least \$900,000, and as a practical matter the Board will be putting in around \$1M next year. Frank stated he feels there is a 90% probability that the Board will be putting in \$1M next year.

Commissioner Zimmerlink stated the Board was informed the ARC payment was \$900,000 and now Frank Burnette is stating \$1M, two days ago he said it was \$1.2M. Frank Burnette replied it depends on how the market trades, to which Commissioner Zimmerlink replied she understands. Commissioner Vicites stated that right now Frank Burnette is stating it is closer to \$1M. Hank Stiehl said he would have to know the County's current assets, but it is probably likely the ARC will be closer to \$1M. The Hay Group's last estimate was assets through October 23, 2008 and he doesn't think the market has done anything since then to change the

amount. Hank Stiehl said not knowing the current assets, it could be worse.

Controller Lally asked Hank Stiehl to fax to his office the formula that the Hay Group uses for evaluation if it is something that can be released. Hank Stiehl replied the formula that shows how the ARC is calculated is on Schedule C in the actuarial report which is the same every year.

Commissioner Zimmerlink stated that basically whatever figure the Hay Group gives the Board, whether \$900,000 or \$1M, he will take another look at the County's assets to determine the amount. Hank Stiehl replied that for the actual ARC figure they are going to do in the report, they are looking at the County's assets as of 12/31/2008; therefore, it can be anything, it will change daily as the County's asset values change. But the official amount will be whatever the assets are at that particular point of time and if the Board wants to be safe you may want to allow some cushion. Hank Stiehl stated they could look at it again if the Board would send the latest cost of market of assets to see if it is higher or lower than \$900,000, but it is going to be what it is at the end of the year and that will depend on the market performance. Commissioner Zimmerlink stated that the Board understands and that is why the Hay Group's letter states "estimate" in bold letters.

Commissioner Zimmerlink stated that if Hank Stiehl could provide the Board with an updated estimate it would be very helpful for the Commissioners, and the Board will ask the question of the Susquehanna Group if the Board could use the budget reserves and set that money aside and whether that money is placed in the pension fund or in a restricted account for the ARC only fund. Commissioner Zimmerlink stated she feels it would be a lot less dramatic on the general fund, especially when there is a budget reserve.

Hank Stiehl informed the Board that he would need the latest cost of market asset figures to do an update. Frank Burnette stated the easiest way for him to get that information anytime he needs it is to simply e-mail Bob Bulas at Morrison Fiduciary Advisors and he can give it him as of last night's close.

All the Board members thanked Hank Stiehl for his help in explaining these issues.

Commissioner Zapotosky stated that since the Board discussed the COL increase, did the Board want to vote on this issue at this point of time. Frank Burnette stated the Board also needed to award the interest rate on the member's contribution and the County's balance. Commissioner Zimmerlink stated she felt these decisions needed to be made now and not wait till a December meeting. Commissioner Zimmerlink stated one motion that is always made in the month of December is the COL for the retirees. If the Board does a COL increase for the retirees, they designate a percentage and the dollar amount.

Commissioner Zimmerlink moved that the Retirement Board not provide a COL increase for the year 2009 for the retirees. Commissioner Zapotosky seconded the motion.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Zimmerlink	Yes
Commissioner Vicites	Yes
Controller Lally	Yes

Treasurer Danko

Yes

MOTION CARRIES UNANIMOUSLY

Retirement Board Members Percent Contribution

Commissioner Zimmerlink asked Frank Burnette to explain the interest issue. Frank Burnette stated active employees have a balance in their account that have a percentage of their pay taken out that goes into their account that simply grows at a stated rate of interest of which the County sets annually provided the employee falls within a range. Neither Controller Lally nor Betty Stutzman of the Controller's office could tell Frank Burnette what that interest rate was. Commissioner Vicites and Commissioner Zimmerlink stated they did not remember ever voting on this. Frank Burnette stated the Board is required to do so.

Controller Lally inquired of Frank Burnette if that as it stands right now is the County paying 5.5% above their participatory contribution and Frank stated he did not have that information. Controller Lally explained this is the interest the County pays exclusive of them to their particular pension fund. Controller Lally stated there was an employee that had \$170,000 of actual contributions into their pension fund, but the County's portion was over \$300,000; therefore, there was a rate of interest that was obviously determined over that period of time, but he did not know the rate. Controller Lally stated he thought this was a set number and he had no idea that it was up for discussion. Frank Burnette stated he remembers the previous controller doing all this and he was never in the loop on it and he doesn't have an answer for the Board.

The Board stated an answer is needed. Frank Burnette called Hank Stiehl of the Hay Group to see what the percent is; however, he was not available and Frank Burnette then e-mailed him. Commissioner Zimmerlink inquired what the lowest percentage the County can decide. Frank Burnette replied he is 99% sure the rate is 4-5.5%.

Commissioner Vicites questioned if the employees put in 5% before taxes and if the County matches it for 5%. Frank Burnette explained that the employees put in a certain amount by law which is 5% before taxes and the County earns interest on those funds and that has been a contributor to the liability side of the pension fund. Frank Burnette explained that there are two moving parts, the employee's balance and the County's balance. Frank Burnette explained that the County's balance is paid in annual retirement amounts and the employee's balance can be lump summed or annuitized.

Frank Burnette suggested discussing the large cap value manager while waiting to hear from Hank Stiehl on this issue.

13. Discuss the selection of the large cap value manager

Commissioner Zimmerlink questioned Frank Burnette if his recommendation for large cap value manager has changed. Frank Burnette responded the only information he now has is that Allegiant has merged with PNC and one of his reservations about Allegiant was he did not know where they were headed or if they might be going out of business; but he thinks Allegiant and PNC together represent a strong organization and they are

acceptable.

Commissioner Zimmerlink stated the Board is now choosing a large cap value manager, based on the responses from an RFQ and the Board narrowed it down to 3 choices. Frank Burnette stated the Board focused on 3 managers with western Pennsylvania orientation. Commissioner Zimmerlink stated there was no requirement for a manager with western Pennsylvania orientation and Frank Burnette stated some western Pennsylvania firms did not make the cut. Frank Burnette stated with that, the 3 firms were Allegiant, CS McKee and CIM; there were also the firms of Robeco, Lazard and Fifth Third which were non-local firms.

Controller Lally questioned who has provided the best marginalized rate of return of these three applicants. Frank Burnette responded that over a 5 year time period Allegiant was 14.42, CS McKee was 15.69, CIM was 13.45, and Robeco was 14.11.

Controller Lally asked Frank Burnette of those 4 firms mentioned, which firm has the lowest basis points structure and do they meet the Russell 1000 as required in the RFQ. Frank Burnette responded that of those managers, the only one whose track record and holdings was CIM and they were basically using some back-tested data and performance that was generated by one of their employees while at a different firm, and there were periods in their track record where they didn't really have live data so they used theoretical results.

Commissioner Vicites asked if CIM did have the best results in recent times and Frank Burnette responded on a back-dated, theoretical simulation of a portfolio, they would have maybe passed.

Frank Burnette informed the Board that the fee schedule for the firms were as follows: Allegiant 50 basis points; Robeco 50 basis points; CS McKee 71 basis points; and CIM 68 basis points. Frank Burnette stated he knows CIM would do it for 50 basis points. Commissioner Vicites stated he called CS McKee and they said they would do 60 basis points. Frank Burnette stated if he went back to Robeco, Allegiant and CIM, he feels they would do better than 50 basis points.

Controller Lally stated Allegiant has custody of all the County's assets and the 50 basis points would have to be up for negotiation for fear of losing the account and they would be thrilled to get the County's business.

Frank Burnette stated they did go through an exercise where they asked CS McKee, CIM, and Allegiant how they did over the last 3 or 6 months, and they all performed in line with the index. Frank Burnette stated that in most cases, these firms are going to track the index within a couple of percents.

Commissioner Vicites stated he had narrowed his choice to CS McKee and CIM; CS McKee would not come down any further than 60 basis points and CIM would do 50 basis points. Commissioner Vicites stated that many of the counties around Fayette have CIM and they are very happy with them and like their product, consistency and the way they manage money as they are hands on in what they do. Commissioner Vicites informed the Board he would like to go with CIM as he feels they would do a good job for Fayette County.

Treasurer Danko stated he talked to Beaver County Treasurer, Connie Javens, and she stated they are well pleased with CIM.

Controller Lally stated his personal feelings would be to go with Allegiant, based on the County's relationship with National City Bank and the definite probability that the basis point fees can come down significantly.

Treasurer Danko stated that with the things taking place with National City Bank now, PNC is the fifth largest bank, to which Controller Lally agreed that they are one of the soundest banks. Treasurer Danko informed the Board one of his picks was CS McKee, and due to what is taking place with Allegiant, he is leaning towards CIM.

Commissioner Vicites stated that there is an RFQ out for deposits; therefore, the Board does not know where they are going in the future.

Frank Burnette stated that Boston-based Robeco is obviously a stretch geographically. Commissioner Zimmerlink stated we have 7 fund managers and they travel as it is part of their job, which is a minimum of twice a year.

Commissioner Zimmerlink moved to name Allegiant as the large cap fund manager, seconded by Controller Lally.

Frank Burnette suggested adding subject to the final discussion of fees and subject to the solicitor's review of the contract documentation to the motion.

Commissioner Zimmerlink stated she thought Frank Burnette had talked to all the firms. Frank Burnette stated he would have, but he never received a full authority to do so. Commissioner Zimmerlink stated that at the October 29, 2008 meeting, she, Treasurer Danko and Controller Lally were present and they informed Frank Burnette to talk to the managers regarding the fee schedule. Frank Burnette stated that no, it was for performance. Commissioner Zimmerlink asked Frank Burnette if he sent an e-mail asking to approach the managers regarding the fee schedule and Frank Burnette replied that he did send an e-mail, but he never got a consensus.

Commissioner Zimmerlink amended her motion to name Allegiant as the large cap fund manager; pending review of the solicitor to make certain the contract meets all the requirements of the RFQ and the review and discussion of the basis points, seconded by Commissioner Zapotosky.

Commissioner Vicites stated he is very hesitant and he has nothing against Allegiant, National City, or PNC, but Allegiant just got bought out by PNC and the Board has not met with them, does not know anything about the buyout or what is taking place, and PNC has never been before the Board and the Board is going to hire them as our manager without even talking to them to understand what changes, if any, they are going to be making. Commissioner Vicites stated he feels this is something the Board needs to do.

Controller Lally stated that PNC was given that chance and they did not meet the RFQ qualifications.

Commissioner Vicites stated he understands this, but they are transitioning into another company and he just does not feel comfortable hiring somebody in that scenario. Commissioner Vicites stated a company like CIM that is consistent, has been around for a long time, is well respected and their numbers are just as good, if not

better, than Allegiant and he feels their basis points are very fair as well.

Commissioner Zimmerlink stated the basis points of CIM and Allegiant are exactly the same at 50, but if that is the case and Commissioner Vicites wants to have PNC come in for an interview, the Board then does not have to make a decision today because at the last meeting the monies were transferred into a van guard account.

Commissioner Vicites stated it is not about bringing them in for an interview, it is about hiring someone that the Board has never talked to. Commissioner Vicites stated that he would prefer to go with CIM.

Commissioner Zimmerlink stated Commissioner Vicites, regardless if he talked to PNC, would still go with CIM; therefore, it sounds as if it is a negative on those who might go with Allegiant because the Board has never talked to PNC which is not totally accurate.

Commissioner Vicites stated he thinks the Board has a better choice.

Commissioner Zimmerlink stated this can continue to be tabled as the funds are protected in a van guard account, as long as this is not going to be a delay because the Board needs to talk with an individual.

Commissioner Vicites stated it is not about talking, it is just the fact that they are in transition.

Commissioner Zapotosky stated he does not want to delay this; this problem has festered for the 22 months that the Muhlenkamp fund has underperformed. Commissioner Zapotosky stated at the first retirement board meeting in 2008, this issue was discussed.

Commissioner Zapotosky stated that in regard to Allegiant, he has concerns as the Board had been painted a picture from National City 6 weeks ago that life was good, there would be no problems, they had a strong cash flow to the tune of \$9 billion that they established in May of this year, and he does not get a good vibe on how this has gone with the market decline and National City had experienced its loss. Commissioner Zapotosky stated he had talked to Greene County's Commissioners and other counties and CIM is his only choice, he has no other choice. Commissioner Zapotosky stated that everyone has had an opportunity to take part in this RFQ and to further delay will further compound some of the problems that the Board has experienced and it is time to move in a progressive way.

Commissioner Zimmerlink stated she made the motion which means that she does not want to delay on it, but she stated that if Commissioner Vicites had a concern, then it would be up to him; she is ready to move on it and that is why she made the motion.

Commissioner Vicites stated it is not the same entity that applied; it has become a different entity and that is the concern he had; he just doesn't think choosing someone in that situation is prudent.

Commissioner Zapotosky stated the Board does not know if it is the same thought process as far as how the funds will be handled. Commissioner Zapotosky stated the opportunity for them to express themselves has passed in his opinion and the Board, as Mrs. Zimmerlink has stated, has to make a decision.

Treasurer Danko asked Frank Burnette if he was going to go back and talk to CIM about the basis points. Frank Burnette responded that if it is part of the motion, yes, he would do that. Treasurer Danko questioned if they knew they were chosen, why would they lower their basis points. Commissioner Zimmerlink stated if they don't lower their basis points, then the Board would not award it to them.

Controller Lally stated that by representing that the Board wants you, but you need to lower your basis points.

Commissioner Zapotosky asked Frank Burnette what he would look to lowering the basis points and Frank Burnette responded to 40 basis points.

Commissioner Zimmerlink stated that the Board did not meet with National City; they met with the representatives of Allegiant which is not the bank per se, but the fund custodian.

Frank Burnette stated that what the Board does know is that Allegiant, being a part of PNC, creates a stronger organization, but he has no idea how that will translate to this relationship. Frank Burnette stated he suspects the custody will be rolled over to PNC; apparently the merger takes effect January 1, 2009 and over 20 months they will integrate all their organizations so there will be no overlap or duplication and he strongly anticipates the custody will be part of the PNC function covered by someone the Board has worked with well, and that is a good thing. Frank Burnette stated that in most cases, there is one group at PNC that is better than Allegiant or there is one group at Allegiant that is better than PNC, but interestingly in this large cap value state, both firms have really good products; in fact if PNC had made the cut and had gotten their RFQ in correctly, they probably would have been in this mix somewhere at some point.

Commissioner Zimmerlink agreed with Frank Burnette and stated that it is not that they weren't interested, they were stamped in late. Frank Burnette stated that the truth is the Board has no idea what is going to happen, but either result is o.k.

Controller Lally stated that the Board has to remember that in regards to Commissioner Zapotosky's question, because Allegiant was bought out doesn't mean that was a sign they weren't trying to move forward.

Frank Burnette stated it is very true the group presenting this product will not be the group reviewing this product to the Board.

Commissioner Vicites stated this brings up a good point: CIM will never be taken over as they are a privately owned investment company; they are consistent, they have done a good job, and they have a good track record and counties respect them. Commissioner Vicites stated he knows this because he has been around conferences for 13 years and has heard talk and knows the reputation they have with the product they manage.

Commissioner Zapotosky stated there is a motion and it has been properly moved and seconded.

The vote was:

Commissioner Zapotosky	No
Commissioner Zimmerlink	Yes

Commissioner Vicites	No
Controller Lally	Yes
Treasurer Danko	No

MOTION DIES 2 - 3

Commissioner Vicites made a motion for CIM for the large cap value manager.

Frank Burnette stated with subject to a fee negotiation and a legal review.

Commissioner Zapotosky questioned if the Board is going to set the fee negotiation to 40 basis points as his opinion is if they want it, they can do 40 basis points.

Frank Burnette asked if the Board could hold for a day or two and let him contact CIM and let them know the Board has narrowed it down, but they are looking for a little more competitiveness on the fees; they will come back and say 50, 45 or 40 basis points, at which case he will e-mail the Board. Frank Burnette stated what he would like to be able to do on today's motion is proceed; therefore, maybe the motion should be at 50 basis points or less, assuming the consultant or one of the Board members call and make a good faith effort to reduce the fee as much as reasonably possible. Treasurer Danko and Controller Lally stated they wanted Frank Burnette to call and Frank Burnette agreed and stated he would e-mail back as long as he doesn't get someone who says they don't want to move forward. Frank Burnette suggested having the motion stand as being hired at 50 basis points or better, subject to the legal review and the process can keep moving.

Commissioner Zimmerlink stated the resolution has to be clear. Frank Burnette stated if the Board says 50 basis points or less, in his business that is clear and effective and doesn't set the Board back a month.

Commissioner Vicites asked what are the present fees for other companies and asked if they are all around 50 basis points. Frank Burnette responded that large cap fees are at 50 basis points or less, small cap and foreign are at 70 basis points or less.

Commissioner Zapotosky stated there is a motion for CIM as the large cap value manager, subject to legal review and 50 basis points or less.

Treasurer Danko questioned where it would leave the fund if it is not better and Frank Burnette stated they would be hired at 50 basis points. Frank Burnette stated that if CIM comes back and 50 basis points is the best they will do or they can't even do 50 basis points, then the Board has an action that he cannot move forward on. Commissioner Zimmerlink stated that Frank Burnette already stated they said 50 basis points and most likely they are not going to come back because they already know we are giving it to them. Commissioner Vicites stated that if Frank Burnette can get better, to do it. Frank Burnette stated that if the Board plays its cards right, this will work well. Frank Burnette stated that if someone calls CIM and tells them that the Board made some motions and has it narrowed down, the Board will hire CIM, but the Board needs better on the fee and CIM will come back and say ok. Commissioner Zimmerlink stated that someone who calls is Frank Burnette.

Commissioner Vicites stated he made the motion for CIM as the large cap value manager, subject to legal

review and 50 basis points or less. Commissioner Zapotosky seconded the motion.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Zimmerlink	No
Commissioner Vicites	Yes
Controller Lally	No
Treasurer Danko	Yes

MOTION CARRIES 3 – 2

16. Presentations

Federated Investors

Frank Burnette stated to the Board that this is a manager who has done very well, fees are reasonable and everything is good with them. Frank Burnette informed the board that they are a fixed manager.

John Gentry, Vice President, Portfolio Manager and Jed Robie, Marketing Representative from Federated Investors gave a presentation to the Board.

Jed Robie updated the Board on Federated Investors per page 3 of their presentation booklet which was distributed to the Board.

John Gentry informed the Board that their account performance in 2006 was \$8.4M and in 2008 through the 3rd quarter it was \$10.4 M which is a gain of \$2 M.

John Gentry stated the change in the investment value is up about \$1.3M from start to finish.

Controller Lally asked John Gentry what was their market discipline that they were able to have an appreciation when everyone else is declining in the market. John Gentry replied they are very disciplined, value players for the most part and have a multi-tool factor process among sectors, individual security selection and a yield curve as well. John Gentry stated they look at 4 factors, they are very active managers, they have a much disciplined range and they have a much disciplined yield curve exposure as well. John Gentry informed the Board they manage within very tight risk characteristics and they have a very thorough process that they have gone through for the last 5 or 6 years and they have honed this process to the point where they feel they are adding value from each one of their various factors.

John Gentry stated that they have out-performed in all of their time periods through September 30, 2008. John Gentry stated that in October 2008 they under-performed which is unusual for them as they tend to out-perform in most quarters. John Gentry stated this is a very unusual time and the most difficult time since 1981-82 and maybe even since the 1932 time frame. John Gentry stated that since inception, they have out-performed since they were hired in early 2006.

John Gentry stated it was a very tough year for many asset classes. John Gentry stated the only accounts better than the County's account are the treasury accounts. John Gentry stated that Federated feels they are well positioned at this point to ride out this storm going forward.

John Gentry stated they are watching very closely how they are doing month to month and day to day, therefore they know very closely if they are making or losing money and how they are doing that.

John Gentry went through their presentation booklet explaining Federated's performance for Fayette County.

15. Discuss the Fund's overall returns

Retirement Board Members Percent Contributions (continued)

Frank Burnette stated that on the members' interest, each year the Board is required to vote to award them anywhere from a 4% interest rate to a 5.5% interest rate. Frank Burnette informed the Board that historically they have been at the 5.5% interest rate and historically the market has been up more than 5.5% and he understands that logic, but feels the Board should err on the side of conservative and award 4%.

Commissioner Zapotosky made a motion to award 4% interest, seconded by Controller Lally.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

CIM

Frank Burnette informed the Board that he spoke with CIM and they said they would do it for 45 basis points so the Board can amend their motion. Frank Burnette stated he feels 45 basis points is reasonable and suggests the Board amend their motion to approve 45 basis points and can eliminate the previous provision from the motion, but it is the Board's decision.

Commissioner Vicites stated he amends the motion for CIM as the large cap value manager at 45 basis points and subject to legal review. Commissioner Zapotosky seconded the motion.

The vote was:

Commissioner Zapotosky	Yes
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Commissioner Zimmerlink	No
Commissioner Vicites	Yes
Controller Lally	No
Treasurer Danko	Yes

MOTION CARRIES 3 – 2

Retirement Board Members Percent Contributions (continued)

Commissioner Zimmerlink asked Betty Stutzman to read the motion for the retirement board contributions. Betty Stutzman read that Commissioner Zapotosky made a motion to award 4% interest, seconded by Controller Lally and the motion carried unanimously.

Commissioner Zimmerlink stated to amend the motion to award 4% on the current member interest award for the year 2009. Seconded by Controller Lally.

The vote was:

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

MOTION CARRIES UNANIMOUSLY

Commissioner Zapotosky stated this is done every year and the Board should make a note of it. Commissioner Zimmerlink wants to make sure the resolution and the motion is very clear. Betty Stutzman stated she will get the exact wording from the tape when she transcribes the minutes.

U.S. Asset / BlackRock Presentation

Frank Burnette stated that U.S. Asset/BlackRock was invited to do a presentation, but they are not here. Frank Burnette stated they are a fixed income fund like Federated Investors and he does not know why they are not here and there is no reason for them not to be here. Frank Burnette stated that they were invited by e-mail to be here and this is the firm where Steve Maslek used to work. Commissioner Zimmerlink stated it could be a miss communication and Frank Burnette needs to find out before the Board reacts to them not being present.

Muhlenkamp

Frank Burnette stated in the last meeting the Board approved moving the monies into a van guard account. Frank Burnette stated that once the Board initiated the sales of Muhlenkamp and that money went into cash, U.S. Asset and the Board dragged their feet in getting the money reinvested and the market went down 11%.

Frank Burnette stated that U.S. Asset put that money back into a Russell 1000 value index fund. Frank Burnette stated the Fund materially benefited from being in cash during the period when the market fell and it might be a 1% - 2% return for the whole fund which is a positive thing. Frank Burnette informed the Board that while Muhlenkamp had materially under-performed for a number of years, some of the return was recovered.

Commissioner Vicites asked Frank Burnette if he informed the actuary of this in order to get a better ARC and how much was gained. Frank Burnette stated that it could be \$960,000 and of a \$38M fund that is 2.25%.

Frank Burnette asked Betty Stutzman the details of the motion to hire CIM. Frank Burnette stated the Board will ask for a contract and run it by the solicitor. Betty Stutzman stated that with the solicitor's approval of the contract, lower the basis points, but then CIM came back with 45 basis points; Commissioner Vicites then amended the motion to state 45 basis points with the solicitor's approval of the contract. Frank Burnette stated he wanted to make sure with this action, he can get a contract from CIM and send it to the solicitor and with the solicitor's approval, bring it back and hopefully get the Board's five signatures; Controller Lally and he can then act on that contract and sell the index fund and fund CIM.

Commissioner Zimmerlink stated the Board should most likely make a motion to sell the index fund. Controller Lally stated that once the fruition of the contract takes place, the moneys can be moved from the index fund to CIM. Frank Burnette stated the Board can make this motion now or wait until there is another meeting to make that motion. Commissioner Zimmerlink made the suggestion to make the motion now.

Frank Burnette suggested the Board consider adding to the motion. Frank Burnette stated the fund has an asset allocation with a 13% large cap and 14% small cap, and the way the market has traded, obviously things have moved around and the fund is not on top of the policy mix. Frank Burnette stated that for one, Muhlenkamp under-performed and as a result the large cap value does not have enough and with stocks going down, the fund's total equities on October 20, 2008 was 54%, but the fund's policy index is 60%. Frank Burnette stated what he thinks the Board should do is when the Board allocates money to CIM to make this funding; the Board should also re-balance all the managers and get everyone back onto the policy.

Commissioner Zapotosky asked Frank Burnette if he thought the policy is formulated to the fund's benefit to do that. Frank Burnette stated that amongst the different managers, he likes to see the growth, value, and core managers properly weighted as it lower's the risk of under-performing the benchmark. Frank Burnette stated the Board would basically be taking \$2M out of fixed income and putting it into equities is a fairly significant, practical decision. Frank Burnette stated that the stock market has gone down 35%, and may end up 40%; therefore, moving money into stocks after this type of correction, over a 2-3 year time, the Board will look back and be glad they did this when the market was down. Frank Burnette stated his recommendation is to do this, but don't judge it on one quarter or one month.

Commissioner Zimmerlink stated the Board needs to make sure the motion is very clear before Betty Stutzman leaves the meeting, because you are not supposed to be cleaning up the motion afterwards. Commissioner Zimmerlink stated that Commissioner Vicites amended his first motion, but this should be a separate motion. Commissioner Zimmerlink stated the motion that was passed named CIM as the large cap fund manager at 45 basis points, subject to solicitor review of the contract.

Frank Burnette stated he saw no reason to get the contract signed and he will do a separate motion that authorizes Controller Lally and him to fund the contract once it is signed.

Commissioner Zimmerlink asked Frank Burnette what is the confusion about the motion. Frank Burnette stated that after a motion, when he and Betty Stutzman take the steps to move the money Controller Lally reads the minutes, and they didn't quite state something. Commissioner Zapotosky stated that Frank Burnette's next concern is that the Board authorizes him, Controller Lally and Betty Stutzman to re-allocate funds that would mirror the requirements set forth by the Investment Policy. Frank Burnette stated that basically, upon completion of the dually authorized contract, they will sell the large cap value index, fund CIM, and re-balance all the managers in line with the Investment Policy Statement and these actions are things he and Controller Lally will do and are authorized to do.

Commissioner Zimmerlink stated this is actually going back to the October 29, 2008 motion that was passed by Treasurer Danko, Controller Lally and Commissioner Zimmerlink where they terminated the fund of Muhlenkamp and placed it in the Russell index and those are the monies Frank Burnette is referring to which Frank Burnette agreed. Commissioner Zimmerlink stated this is why it needs to be done separately.

Frank Burnette asked the Board if Joe Ferens is the attorney to which Commissioner Zimmerlink agreed.

Commissioner Zimmerlink stated the Board needs to very clear on the motion and asked Frank Burnette if the motion is to authorize the Consultant, Frank Burnette and Controller Lally to sell the Van Guard, Russell 1000 ETF and invest the proceeds of the sale into CIM and rebalance all the managers to the policy weight.

Commissioner Vicites asked what this will benefit. Frank Burnette responded the more the portfolio looks different than your policy mix, the more risk you have that something will happen that was not intended.

Commissioner Zimmerlink stated she is not making the motion, but is reading it to read "to authorize the advisor Frank Burnette and Controller Sean Lally to sell the Van Guard Russell 1000 value ETF and invest the proceeds of the sale to CIM and rebalance our funding managers to the policy weighting." Frank Burnette stated this was correct. Commissioner Zimmerlink asked that there will not be any changes or confusions and if it is very clear. Frank Burnette and Controller Lally both stated they were ok with it.

Controller Lally made a motion to authorize the advisor Frank Burnette and Controller Sean Lally to sell the Van Guard Russell 1000 value ETF and invest the proceeds of the sale to CIM and rebalance the funding managers to the policy weighting. Seconded by Treasurer Danko.

The vote was:

Commissioner Zapotosky	Yes
Commissioner Zimmerlink	No
Commissioner Vicites	Yes
Controller Lally	Yes
Treasurer Danko	Yes

MOTION CARRIES 4 – 1

Commissioner Vicites stated he has a suggestion for the future, since the market is on a down-turn and most of our managers are at 50 basis points or higher, if there is any way the Board can go back to the companies and ask them to reconsider their fees. Frank Burnette stated we basically inherited these fees from an old process, most of those managers were hired under a previous consultant, but basically the answer is yes, he can go back and push a little. Frank Burnette stated Morrison has not done a lot of fee negotiations since they were hired, other than the National City custody fees. Commissioner Vicites stated he feels it might be the time to do this and really get leverage as the market is down and we want to cut our cost fee-wise if we can.

Frank Burnette suggested making it into a motion and told Controller Lally he has a sample form letter that can be customized to his purposes and basically puts it on the table asking the managers to contact Controller Lally or Frank Burnette to have a discussion.

Controller Lally stated that a company that has lost 18% - 20% for us, really doesn't have a whole lot of value, they don't have much room to not negotiate as far as he is concerned.

Commissioner Vicites stated he will make the motion and he is not sure what the managers' position would be, but he feels the Board needs to look at this. Commissioner Zapotosky stated it does not hurt to ask.

Commissioner Zimmerlink asked Commissioner Vicites to read back his motion.

Commissioner Vicites stated his motion is to authorize Frank Burnette to talk to the investment managers to possibly re-negotiating their fees. Seconded by Controller Lally.

The vote was:

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

MOTION CARRIES UNANIMOUSLYFund Status

Frank Burnette wanted the Board to know that the year started with \$48.5M and as of September 30, 2008 the fund is at \$41M. Frank Burnette stated the last time the actuary did his numbers the fund was down to \$38M, and during that time it was about a \$10M drop, although about \$5M of that drop represents payments to retirees and lump sums, not market performance as there is a big difference between the two. Controller Lally stated this is the expense side of the pension fund.

Fund Performance

Frank Burnette informed the Board that year-to-date the fund as of September 30, 2008, the fund was down 13% vs. an index of 12% and the month of October was down 10% more, so the fund is down about 23% through October, 2008.

Commissioner Vicites asked Frank Burnette how much the market is down as a whole. Frank Burnette responded the stock market is down about 40%, most pension funds are down 25% or more and there is nothing in the County's portfolio that happened. Frank Burnette stated it is very important to realize that what happened to Fayette County's fund, also happened to all pension funds. Frank Burnette stated the fund owns basically blue chip stocks that went down 40% and through diversification the fund went down 23%.

Commissioner Vicites stated that in other words, because the fund was diversified, we didn't go down as much as we could have to which Frank Burnette agreed. Commissioner Vicites stated that if the fund had less than the number totally diversified of the fund, we could have lost even more.

Frank Burnette stated the employees are wondering what is happening to their pension fund as they hear about the stock market and it is very stressful to them. Frank Burnette stated the Board needs to reinforce to the employees that their benefits they receive from this plan are basically guaranteed by the County, and the fact that the market went down 23%, doesn't change their pension benefit; they are insulated from this by way of the define benefit pension plan. Frank Burnette stated he just does not want anything to get out there that creates this anxiety within the courthouse or creates this stress.

Commissioner Zimmerlink stated to avoid this situation or to mitigate it, this Board is asking Frank Burnette to prepare a draft letter that this Board signs, and that letter will explain basically what Frank Burnette just said and give this letter to all the employees. Commissioner Zimmerlink stated that basically what she would like to see happen, if the other Board members agree, is have Frank Burnette prepare a draft letter that the Board would sign off on and it would give a summarization of the pension plan as both employees and retirees need to know and have a sense of what the Fund is valued. Commissioner Zimmerlink stated that if the Fund dropped from \$45M to \$38M, then it needs to be said. Controller Lally stated to make sure they know it is collateralized. Commissioner Zimmerlink also stated it should be known that the Board in the previous administration and the current continues to diversify and also state that the fund is constant and the employees and retirees are not going to lose their monies with respect to getting their pension.

Frank Burnette stated he would draft a letter for the Board to sign.

Commissioner Vicites stated that over the course of the last 13 years, the Fund has grown from \$25M to \$48M, and is now down to \$38M, but it has continued to grow.

Controller Lally stated that in 2000 the Fund was worth \$46M, the highest the fund has ever been was \$48.5M.

Frank Burnette stated the Fund is paying out more benefits than putting in contributions, and when you look at the law of values of the Plan, it looks like it's not doing well, but the Fund has extinguished millions of dollars of liability by way of those benefits and he doesn't know if he can convey that to the employees and retirees.

Commissioner Vicites stated that just for clarification, the Fund has grown from \$25M to \$48M and it dropped to \$38M, therefore the Fund is still up \$13M. Frank Burnette stated the Fund has paid off \$15M in liabilities.

Commissioner Zimmerlink stated the purpose of the letter is not to paint a rosy picture. Commissioner Vicites stated he did not want his statement in the letter; he just wanted to bring this to the attention of the Board.

Frank Burnette stated that basically the letter should state what is going on in the market, acknowledge its impact on the Fund, put that in perspective to the long term return to the Fund and then close strongly with their benefits are guaranteed by the County.

Commissioner Zapotosky stated it's a letter of assurance to the employees and retirees and they have a right to be informed.

Commissioner Zimmerlink stated that their pension check is guaranteed and that is what needs to be stated and if Frank Burnette could send the letter for the Board's review, then the letter can be inserted in the pay checks. Commissioner Zimmerlink stated she thinks that also it is important that the Board has public meetings, but obviously the employees are not at these meetings, but it would behoove the members as a Retirement Board to schedule a meeting if any members want to be present and have it at the Public Service Building during the day so any employee may come and ask general questions if they have any about Fayette County's Retirement Fund. Commissioner Zimmerlink stated after the distribution of this letter, if there is any feed-back the Board could schedule a 15 minute presentation and Frank Burnette could be present to answer any questions that they may have; this could be done in intervals during the day in a matter of a 2 day period.

Commissioner Zapotosky suggested that in the body of the letter make reference to the fact that if they have any questions, to send it in advance so the Board may be prepared to answer them during the several presentations during the day.

Frank Burnette stated the Board will get all the benefit questions and secondly the Board will get the collective bargaining to acquire representation.

Commissioner Zimmerlink stated she did not necessarily think the Board should put it in the letter and it can be discussed as the letter is not being sent out right away, but everyone has to understand it would be a general statement of what the Pension Fund is about. Commissioner Zimmerlink stated a lot of people do not know that the Fund has 7 fund managers and what that means and a lot of the employees would like to know that.

Frank Burnette stated that in a defined benefit plan, they do not need to know; however, the Board can do it the way they want, but you don't want to invite benefit employees into your investment process.

Commissioner Zapotosky and Commissioner Zimmerlink agreed that they have a right to be informed, whether the Fund has 50 or 2 managers, and if they ask a question it needs to be answered.

Commissioner Zimmerlink stated when this presentation is done it will be clear that it is not specific questions to their specific retirement fund, it will be a supplement to the letter they received that would discuss generally the market and where the Fund is.

Commissioner Vicites suggested putting in the letter that if they want to meet personally to contact this number to see how many call and how many want to come to a meeting before setting up the presentations.

Treasurer Danko stated, as Commissioner Zimmerlink said, it would be nice to send a letter and state the Retirement Board has given a cost of living increase every year except 1992 and other counties don't even give one except every 3 years.

Frank Burnette informed the Board that the first question they will get will be when the Board is going to increase the class of benefits.

Commissioner Zimmerlink stated she has been here 5 years and there has never been a meeting such as this presentation and the employees and the retirees should have the opportunity to ask these questions. Frank Burnette asked the Board if it is all collective bargaining employees, to which Commissioner Zimmerlink replied that no, there are non-union employees as well.

Commissioner Vicites stated that questions are answered when paperwork is completed to become an employee; it is not like there are never any questions answered.

Commissioner Zimmerlink agreed that when you are a new employee or when you retire; she is talking about in these economic times that this is the first year the County is not doing a cost of living increase and normally it is a 5% interest rate and now it is a 4% interest rate and people should know that this will have an affect on their overall pension.

Commissioner Vicites stated that is a yearly decision and Commissioner Zimmerlink stated she understands it is a yearly decision, but not everyone reads the newspaper or understands what they read; therefore, the Board should inform them.

Frank Burnette stated that people mostly follow rumors, which gives them completely false impressions.

Commissioner Zimmerlink stated the Board can avoid that, and she agrees with Treasurer Danko that because the Fund was at a positive and was funded in such a way that the Board was able to give cost of living increases; however, the Board has to be prudent at this time.

Frank Burnette stated he would do the letter.

Fund Performance Summary

Frank Burnette stated it has been an interesting quarter:

- 1 FNB is doing ok, but they never quite beat the indexes over time, they are always within a percent, but not necessarily broken.
- 2 Muhlenkamp has done poorly over an extended period of time.

- 3 Sector has done very well consistently for 4 years, but they have trailed their benchmark by 8% in the most previous quarter. Trends reverse and are unpredictable.
- 4 GWK is the new manager and they had a slow start, but did nicely this quarter.
- 5 Delaware did better this quarter and he is watching them as they have a change in employees.
- 6 Federated has done well.
- 7 U.S. Asset/Blackrock has done poorly as an enhanced index manager, they are trailing the benchmark by 3.5% over a 1 year time period and he is going to look into that also.

Frank Burnette stated he is not recommending any actions, but feels it is important for the Board to see the actual numbers and make an assessment of them.

17. Public Comment

There was no public comment.

18. Adjournment

Commissioner Zimmerlink motioned to adjourn the meeting at 11:38 a.m. Commissioner Zapotosky seconded the motion.