

FAYETTE COUNTY RETIREMENT BOARD

Meeting Minutes

May 7, 2014

A meeting of the Retirement Board was held on Wednesday, May 7, 2014 in the conference room of the Commissioner's Office.

Commissioner Ambrosini called the meeting to order at 9:34 a.m.

1. **Roll Call**

Roll call was taken and the following members were present:

PRESENT: Alfred Ambrosini, Chairman
Angela Zimmerlink
Sean Lally
Nancy Wilson

ABSENT: Vincent Zapotosky, Commissioner

The following were also in attendance during the meeting:

ALSO PRESENT: Debora Apicella, Chief Deputy Treasurer
Carol Guman, Account Clerk III
Sarah Wilson, Peirce Park Group

2. **Public Comment on agenda items**

Let the record reflect there was no public comment.

3. **Consider approval of the minutes from the February 19, 2014 meeting.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to approve the February 19, 2014 meeting.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

4. **Ratify the following payments made from January 30, 2014 to May 5, 2014 in the amount of \$716,257.05.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to ratify the following payments made from January 30, 2014 to May 5, 2014 in the amount of \$716,257.05.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

5. **Recognize the retirement of the following employees;**

Joseph Baird – 5 years of services	03/01/14
Bonny Bryner-Flowers – 20.25 years of service	03/01/14
Cynthia Keefer – 23 years of service	03/06/14

Moved by Controller Lally and 2nd by Commissioner Zimmerlink to recognize the employees for years of service.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

6. **Peirce Park Presentation on the 1st quarter of 2014 performance of the Pension**

Fund. U.S. economic growth slowed in the 1st quarter of 2014 with GDP at 1.5%. Light vehicle sales increased 5.7% in March, which is above the 20 year average. For the next 2-3 years the federal funds rate is projected to be only at 2%.

The asset performance for developed markets equities posted modest gains in the 1st quarter of 2014. The U.S. equities returns were at 2% and international equities .7%. The emerging market equities showed a - .4% for the 1st quarter of 2014. Mid-cap were the best performers for the quarter followed by large-caps. Europe led the way with a return of 28.5% while Japan equities underperformed at 7.4% for the year. The Japanese market suffered amid poor economic data.

Fixed income rebounded from last year with a solid performance across the sectors. International bonds performed the best in the 1st quarter of 2014 at 3.3%. The Barclays Aggregate Bond Index returned at 1.8%.

The Fund was up 1.5% for the 1st quarter of 2014 beating the benchmark of 1.4% gaining \$881,000 for the quarter. The 1st quarter of 2014 ending market value was at \$64,447,632.6 as of March 31, 2014. Total Fund for the year was up 13.4% gaining \$7.55 million beating the benchmark of 12.2%. The outperformers for the quarter were global equity, international equity, and active fixed income. Large cap and small cap growth underperformed in the quarter.

One of the future asset class return assumptions is in international emerging market debt. Emerging market debt has a 20-year history. The mix of sovereign and corporate credit offers exposure to companies that do not have listed equity. It outperforms U.S. debt over the long-term but has a higher volatility. A small allocation to emerging market debt can improve fixed income returns in the short-term. Sarah Wilson from Peirce Park suggested to discuss or make a decision in adding an addendum to the Federated Investors fixed income to include the emerging market debt within the County's portfolio.

Commissioner Zimmerlink moved to approve the addendum of the discretionary investment management agreement between the Fayette County Employees' Retirement Pension Fund Board and Federated Investors Counseling in relation to the Emerging Market Fixed Income Core Fund and Controller Lally 2nd the motion.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

7. **Authorize payment for the 1st quarter of 2014 investment counseling services for the period of January 1, 2014 to March 31, 2014 in the amount of \$30,417.86 to Peirce Park Group.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to authorize payment of 1st quarter of 2014 counseling services in the amount of \$30,417.86 to Peirce Park Group.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

8. **Authorize payment for the 1st quarter of 2014 actuarial services provided for the Fayette County Employees' Retirement System in the amount of \$6,250.00 to Municipal Finance Partners.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to authorize payment of 1st quarter of 2014 actuarial services in the amount of \$6,250.00 to Municipal Finance Partners.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

9. **Authorize payment for the 1st quarter of 2014 advisory fees for the period of January 1, 2014 to March 31, 2014 in the amount of \$7,271.74 to Federated Investors, Inc.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to authorize payment of 1st quarter of 2014 advisory fees in the amount of \$7,271.74 to Federated Investors, Inc.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

10. **Authorize payment for the 1st quarter of 2014 management fees for the period of January 1, 2014 to March 31, 2014 in the amount of \$7,793.39 to GW&K Investment Management.** Moved by Controller Lally 2nd by Commissioner Zimmerlink to authorize payment of 1st quarter of 2014 management fees in the amount of \$7,793.39 to GW&K Investment Management.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

11. **Authorize payment for the 1st quarter of 2014 for the custodian fees for the period of January 1, 2014 to March 31, 2014 to PNC in the following amounts:**

Federated Investors, Inc.	\$ 1,571.46
GW&K Investment Management	\$ 771.56
Peirce Park Mutual Fund	\$ 6,075.88

Moved by Controller Lally 2nd by Commissioner Zimmerlink to authorize payment of 1st quarter of 2014 custodian fees for the period of January 1, 2014 to March 31, 2014 to PNC in the following amounts above.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.

12. **Public Comment**

Let the record reflect there was no public comment.

13. **Adjournment**

Moved by Controller Lally 2nd by Commissioner Zimmerlink to adjourn at 10:25 a.m.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Controller Lally	yes

MOTION CARRIES UNANIMOUSLY.