

CENTRE COUNTY RETIREMENT BOARD

May 14, 2020

MINUTES

Call to Order: The Centre County Retirement Board met remotely via BlueJeans on Thursday, May 14, 2020. The meeting was called to order at 11:03 AM by Chairman Mike Pipe. Present via remote access were Retirement Board Members: Commissioner Mike Pipe, Commissioner Mark Higgins, Commissioner Steve Dershem, County Treasurer Colleen Kennedy, and County Controller Jason Moser. Margaret Gray, County Administrator, Tom Martin, Director of Finance, also attended.

Approval of Minutes of Prior Meeting: A motion was made by Controller Moser to approve meeting minutes from the April 21, and April 28, 2020. The motion was seconded by Commissioner Dershem. The motion passed unanimously.

Correspondence:

An email from Jason Fine, from Korn Ferry, Email and Financial Accounting Report on Governmental Accounting Standards Board No. 67 & 68 for the 2019 Measurement Period was discussed. David Reichert from Korn Ferry was on the call and answered questions and provided insight into the report. During the conversation, Commissioner Pipe noted that as of December 31, 2019, the Retirement Fund was 99.24% funded and ranged from 87-102% during the course of the year.

Old Business:

None.

New Business:

- A. David Reichert from Korn Ferry reviewed the Centre County's Valuation Report for its retirement fund and a number of options the Board has to affect the amount of the ADC. These options include updating the mortality tables based on new tables released for public employees & modifying the way members' accumulated deductions are valued. Commissioner Pipe informed David Reichert that the Retirement Board voted to return the assumed rate of return to 7.5%, and David Reichert indicated he would do new calculations based on the updated assumed rate of return and return the new numbers to the Retirement Board within a week.

- B. A discussion of a rebalancing strategy basing risk on the age composition of the County's pension plan participants. Treasurer Kennedy's Estimated Blended Investment Returns, with updated alpha and net of fees, was included in the conversation to review performance of investments over a five-year period.
- C. The conversation in (B) segued to the discussion of the County's investment managers and potential passive management of the Retirement Fund. There was general consensus of disappointment in the performance of CS McKee and TWIN Capital Management during the market down turn. The focus of conversation was primarily on TWIN as their performance was contrary to their presentation to the Board of the expectation of their portfolio. The general thought was to move away from TWIN Capital Management in the future.

Commissioner Dershem expressed concerned regarding making hasty decisions, particular regarding CS McKee, given theirs and the Board's long-term relationship. This was well noted and accepted with the Board stance being to move deliberately and thoughtfully.

There was consensus to move forward with Margaret Gray engaging Public Funds Management (PFM) to introduce Controller Moser to their team, for a study into passive management for the Retirement Fund, how that process would work, and what potential savings the Fund could anticipate by opting for passive management.

A motion to adjourn was made by Treasurer Kennedy and seconded by Controller Moser. The meeting adjourned at 11:46 AM.

Jason Moser, Controller and Secretary of the Retirement Board

Next Meeting: June 25, 2020; End of Quarter, no guests.