

Retirement Board Meeting
October 22, 2020

Present:	Commissioner	Thomas Chernisky William Smith Scott Hunt
	Controller	Ed Cernic Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky

Pledge of Allegiance

Commissioner Chernisky called the meeting to order at 10:33 a.m.

Motion was made by William Smith to approve the minutes from the Retirement Board meeting held on September 24, 2020. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Public Comment: John DeBartola questioned the Board about the liability of the pension fund, how well funded the Fund is and how are the investments going. Ed Cernic responded to John DeBartola that the Fund is funded approximately 90% and will provide John with a copy of the Actuarial report. The managers have been doing an excellent job and have been consistent with the policy guidelines.

Pat Wing, Marquette Associates, advised the Board that CS McKee was present to give an update on the status of their acquisition by CSM Advisors, LLC an affiliate of North Square Investments at the end of 2019. When the transition occurred, CS McKee at the recommendation of Marquette was put on the watch list. CS McKee has continued with business as normal and there have been no investment team members that have left.

Mark Gensheimer, President and Shane Nickolich, Vice President, Marketing Manager of CS McKee are here to present an overview. Mark provided a brief update on the transition with North Square. There were several reasons to make the decision to partner with North Square some of them being their business model, their staff, and that CS McKee could remain in Pittsburgh. More importantly, North Square would be able to provide more products for CS McKee to offer to clients. Due to COVID, work has been done remotely but so much progress has been made. North Square is launching a fixed income mutual fund which was one of the biggest things North Square was going to do for CS McKee. CS McKee will be the sub advisor of that fund. North Square is also moving to Pittsburgh area and in the future you will see new branding. Mark stated that everything that North Square had talked to them about is coming to fruition. Shane Nicolich, provided a fund update to the Board. First, he advised the Board that the Fixed Income Team was recognized by the Plan Sponsor Network (PSN) as part of the Top Gun manager. This is the 11th consecutive year the team was recognized. The portfolio is positioned very conservatively. For the 2nd quarter, the fund outperformed by 5 bps, the return being 1.12% vs the benchmark 0.61% and for year to date 5.95% vs 5.92%.

William Smith left the meeting at 10:58.

- Motion was made by Ed Cernic to remove CS McKee off of the watch list. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Pat Wing provided a performance update of the Fund to the Board. The total Fund composite is 5.6% vs the benchmark of 5.3% for the quarter and year to date 6.5% vs 3.8%. Both for the one year and year to date the Fund was ranked in the top 5%. Compared to other retirement public funds across the U.S. the Cambria County Fund has outperformed 95% of all other funds in one year. That speaks well of all the decisions the Board has made over the year. The return is getting close to the assumed rate of return set and is well ahead of the benchmark and other peer funds. The U.S. Equity portion of the Fund for the quarter is 8.8% vs 8.3%. The outperformance was largely driven by the small cap active managers. Kayne Anderson for the quarter was ahead of their benchmark 3.8% vs 2.6% and year to date 5.4% vs -21.1%, providing so much downside protection. Emerald as well was ahead of their benchmark for the quarter 9.5% vs 7.2%. The return on the Non U.S. equity was also a big contributor, the return 11.7% vs 6.3%. Vanguard International was a big factor with their return being 16.3% vs the benchmark of 10.2%. Moving forward at the next quarterly meeting two managers will be coming to present their international value strategy as a result of DFA being termed at the beginning of the year. The plan was to move those assets to this new international value strategy however due to the pandemic the plan has been delayed.

Pat opened questions to the Board. Lisa Kozorosky asked since we couldn't give any money to CS McKee while they were on watch, will we be giving them money now since they are off of watch. Pat Wing directed the Board to the most current asset allocations handout that he provided. The fixed income assets are currently under weight and U.S. equities are slightly overweight. Pat is recommending to the Board to move \$1.6m (\$625,000.00 from Vanguard Growth, \$625,000.00 from Emerald and \$350,000.00 from cash) to CS McKee who is now off of watch. The \$1.6m essentially equates to two months of retirement distribution. This will then bring the asset allocations in balance.

- Motion was made by Ed Cernic at the recommendation of Marquette to rebalance by moving \$625,000.00 from Vanguard Growth, \$625,000.00 from Emerald and \$350,000.00 from cash to CS McKee. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.

Pat then reviewed with the Board an amendment request received from CCP-Ironsides III. The investment into Ironsides is seven years old and the Retirement Fund committed a \$10m investment. The initial investment has been called over time. Ironsides III are asking for a slight change to the contract that gives them the flexibility to call an additional \$500,000.00. Pat advised there are no plans to do so in the immediate term but maybe within the next one to two years. Pat recommends that the Board gives Ironsides III the flexibility. In addition, this Fund also expects to be returning approximately \$2 to \$4m to Cambria's Fund over the next few months.

- Motion was made by Ed Cernic at the recommendation of Marquette to authorize the amendment to Ironsides III fund. The amendment increases the original contract from 20% to 25%, allowing for an additional \$500,000.00 to be called from the Cambria County Employees' Retirement Fund to be invested. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Pat reviewed with the Board the 2020 Pennsylvania County Pension Plan report that is put together annually. The report is a synopsis of eligible Pennsylvania County plans. For 2020, 49 plans participated out of 62 eligible plans. Cambria County Employees' Retirement fund for the five year return compared to other counties is in the 7%-8% range, which is at the top of the bracket, other than two funds who returned between 8-9%. The report is for the Board to review at their leisure and if there are any questions, Pat can answer them.

Old Business:

1. Ed Cernic informed the Board that the request for proposals for the Experience Study that were received. The proposals were emailed to all Board members prior to this meeting. The proposals ranged from \$12,000.00 to \$7,500.00. CBIZ's proposal was \$11,500.00. An issue with awarding a contract to another firm other than CBIZ is that those firms would rely heavily on CBIZ for the information needed for their study which would then require CBIZ to charge the County fees outside of their regular fees associated as our Actuary. Ed is requesting that the Board allow him to reach out to CBIZ to negotiate a lower fee.
 - Motion was made by Scott Hunt for Ed Cernic to reach out to CBIZ to negotiate a lower fee. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

New Business

1. Motion was made by Ed Cernic to ratify the action taken by the Commissioner's office at the recommendation of the Controller's office on the following October retiree: Sheryl Walker. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.
2. PAPERS 16th Annual Forum will be held virtually starting November 9th. Lisa Kozorosky will be attending for her first time and questioned if it would be a conflict with the November 10, 2020 meeting. The scheduled presentations are approximately fifty minutes. On the 10th, the last virtual presentation starts at 9:00 a.m., so it should not be a conflict with the meeting. Ed Cernic and Dana Descavish will also be attending the virtual forum. Ed Cernic advised the Board that Dana will be a virtual presenter on November 9, 2020.

The next Retirement Board meeting will be November 10, 2020. Michael Shone, Marquette will be attending on behalf of Pat Wing. Two managers will also attend to present an International Value Strategy to the Board.

Motion was made to adjourn the meeting by Ed Cernic. Meeting adjourned at 11:19 a.m.


Ed Cernic, Jr.