

Retirement Board Meeting
August 16, 2021

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 10:02 a.m.

Motion was made by William Smith to approve the minutes from the Retirement Board meeting held on July 8, 2021. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Ed Cernic reviewed the retirement summary. There are currently 1,123 retirees as of August 13, 2021.

Sean Rigby, AmeriServ, attended the meeting. Sean advised the Board as of the close of business on Thursday, August 12, 2021 the market value of the Fund was \$258,051,338.38. All Funds are within the 3% with the exception of CS McKee and KAR. Pat Wing advised that there are pending trades for CS McKee that will bring the cash balance down. Pat Wing did follow up with KAR in regards to their typical 2-4% cash balance and informed them the Board would like to see the cash balance lower. Pat Wing suggested that KAR attend the quarterly meeting to speak more about the cash balance and their performance. Motion was made by Ed Cernic to accept AmeriServ's report. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

Dave Reid, CBIZ, attended the meeting to report on the Experience Study results and Actuarial Valuation. Dave briefly explained the importance of an experience study for a plan sponsor. The assumptions reviewed during the experience study were termination rates, retirement from active rates, retirement from terminated vested rates, salary scale assumptions, form of annuity payment and spousal age difference. The data used is from January 1, 2015 through January 1, 2021. The assumptions not reviewed in this study were mortality rates, disability rates and percentage married. Dave reviewed the summary of the assumptions and recommendations. The termination rates were updated to the Sarason T-2 Turnover Table Select & Ultimate which more closely reflects Cambria County's experience. The retirement from active rates were updated for ages ranging from 55 to 80 based on the active employee experience. The retirement from terminated vested rates were updated to ages ranging from 60 to 70 with rates specifically based on the terminated vested experience. The form of annuity payments showed that about 30% of participants have a joint & survivor annuity payment form so the current assumptions to assume on the form of annuity payment were updated to 10% of new retirees will elect 50% joint & survivor payment forms, 20% will elect 100% joint & survivor payment forms, and 70% will elect the life annuity. Previously a 100% life annuity was assumed. The total impact for the Experience study increased the funds accrued liability by \$1.7 million and the normal cost impact by \$629,000.00. Dave then reviewed the Actuarial Valuation with the Board. The current funding policy was increased to 12% of payroll effective July 1, 2021. The accrued funded percentage based on the actuarial value of assets for 2021 is 88.33% compared to 98.35% using the market value. The total liability of the Fund is \$260,245,187.00. The County contribution is estimated to be approximately \$3m for 2021. Dave concluded his report by saying the Cambria County Employees' Retirement Fund is being managed correctly and the Board has been diligent in making adjustments to make certain the Fund continues its solid funding position. Motion was made by Lisa Kozorosky to accept CBIZ's report. Motion was seconded by Ed Cernic. Motion carried. Vote unanimous 5-0.

Pat Wing, Marquette Associates provide a brief update on the U.S. economy. The market value as of June 30, 2021 was \$254.2 m. The portfolio gain for the 2nd quarter was \$11.3m. The portfolio returned 4.5% vs. the policy index of 4.9%, net of fees. This return does not include Ironsides returns, which will increase the portfolio return for the 2nd quarter. Looking ahead Pat suggests the Board review private infrastructure funding, asset allocation and update the Investment Policy statement. Pat reviewed the cash flow of the plan for the 2nd quarter. The net investment change was \$11,254,783. Ed Cernic asked why the contributions were not on the summary. Pat advised that the cash flow was a snapshot of what goes in and out of the AmeriServ account; the contributions go into another AmeriServ account. Ed Cernic would like to see a footnote on this page showing what the County contributions were. Pat will add this to the next report. Pat provided a Private Market investments overview. There are now 5 Ironsides Investment Funds. The commitment total for all the funds was \$33m and there is approximately \$4.5m left to be called. Pat reviewed the performance summary of the Funds. The total equity composite was 7.1% vs. the benchmark of 7.8%. This was mostly driven by the US Equity. KAR's returns were 2.2% vs 4.6%. Currently the Fund is overweight to small caps. Pat Wing is recommending to the Board rebalancing reducing exposure in small cap equity. In addition, there was a distribution from the Ironsides Co-Investment Fund of \$1,379,272.38 received on August 10, 2021 and a capital call from the Ironsides Opportunities Annex Fund in the amount of \$301,036.60 due August 19, 2021. Pat Wing recommends the following rebalancing to decrease the overweight to small cap and fund the capital call – use available cash to fund Ironsides Co-Investment Fund to cover the capital call, withdraw \$4m from KAR and \$2m from Emerald to reduce small cap exposure and move \$3.5m to Vanguard Value Large Cap and \$2.5m to C.S. McKee.

- Motion was made by Ed Cernic at the recommendation of Marquette to approve the funding of the Ironsides Opportunities Annex Fund capital call in the amount of \$301,036.60 using the available cash and rebalancing the portfolio by withdrawing \$4m from KAR and \$2m from Emerald to reduce the small cap exposure and move \$3.5m to Vanguard Value Large Cap and \$2.5m to C.S. McKee. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.
- Motion was made by Lisa Kozorosky to accept Marquette's report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Old Business:

1. Motion was made by Ed Cernic to ratify the action taken to fund the Ironsides Co-Investment Fund VI capital call of \$250,000.00 that was due July 27, 2021. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

New Business

1. Ed Cernic informed the Board of the new Bill signed into law imposing new requirements for holding governmental meetings. Senate Bill 554, now Act 65 of 2021, amends the Sunshine Law and will be effective August 28, 2021. Copies of the changes were given to each Board member.
2. 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 August retirees: Robbin Melnyk, Tamra Forgan and Shirley Olsick. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
3. Ed Cernic took a moment to recognize Dave Reid, Pat Wing, Kris Segear and Dana Descavish for their continued diligence on maintaining the Fund and delivering excellent service to the retirees.

The next Retirement Board meeting will be held on September 23, 2021 immediately following the 10:00 a.m. Commissioner's meeting in the Jury room.

Motion was made to adjourn the meeting by William Smith. Meeting adjourned at 10:59 a.m.



Ed Cernic, Jr.