

Minutes of the Carbon County Retirement Board
Meeting of Thursday, November 19, 2020

The regular meeting of the Carbon County Retirement Board was called to order by Chairman Wayne E. Nothstein. Members present were: Wayne E. Nothstein, Chris L. Lukasevich, Rocky C. Ahner, Ronald J. Sheehan and Mark A. Sverchek.

NOTE: Due to COVID-19 this was a virtual meeting held via Zoom

Chairman Nothstein called the meeting to order and turned it over to Secretary Sverchek.

Mr. Sverchek asked for the approval of the minutes, of the October 15, 2020 meeting.

Mr. Ahner made a motion to approve the minutes, of the October 15, 2020 meeting.

Mr. Lukasevich seconded the motion.

Mr. Sverchek called the roll:

Mr. Sheehan	Yes
Mr. Sverchek	Yes
Mr. Ahner	Yes
Mr. Lukasevich	Yes
Mr. Nothstein	Yes

Guests concerning Retirement Board Business - None

Report of Executive Session – None

Mr. Lukasevich made a motion to ratify Warrant #40638 - #40642 and Direct Deposit #7009609 to #7009995 for October 2020.

Mr. Ahner seconded the motion.

Mr. Sverchek called the roll:

Mr. Sheehan	Yes
Mr. Sverchek	Yes
Mr. Ahner	Yes
Mr. Lukasevich	Yes
Mr. Nothstein	Yes

Retirement Activity: October Report:

Superannuation Retirement:	1
Refunds:	4
Deceased:	1

October/2020

Monthly Benefits	\$422,225.11
Refunds	<u>4,224.90</u>
Total Disbursement	\$426,450.01

Portfolio Value: 10/31/2020 \$80,149,851

The Portfolio value as of November 13, 2020 was at an all-time high value of \$85,116,925

Correspondence: None

Solicitor's Report: None

Investment Manager's/Other Reports:
Marquette Associates- Sarah Wilson

Mrs. Wilson gave a brief review of the 2020 PA County Pension Plan Report

- Carbon County is a Sixth Class County based upon population.
- In 2020 the average Actuarially Determined Contribution (ADC) of the 19 continuously reporting counties is 0.8% above their 2019 contribution.
- County Actuarial Assumed Rate of Return is 7.50%, which will be addressed in 2021 to discuss possibly lowering this assumption because Marquette feels this Return will be difficult to achieve going forward.
- Salary Increase Assumption of 3.00 % is in line with majority of other Counties at 3.5%
- It is recommended the County move to the SOA Pub-2010 Public Plan Mortality Tables to more accurately reflect more recent Mortality Trends.
- Only 3 of the 49 participating Counties awarded a Cost of Living(COLA) Adjustment in 2020, which has to be revisited every two years.
- Performance: 5 year return is at a good rate-of-return between 7-8% (higher than majority of Counties reporting), with the 10 year return at 8-9% (Highest Return class among Counties reporting). The County's Actuarial Assumed Rate of Return is 7.50% and Marquette feels this should be reviewed each year.
- The Adjusted Fund ratio uses the Actual Market Value of assets divided by the Adjusted actuarial assumed liabilities and Marquette Assocs., believes that this ratio offers a better comparison among Counties than the regular Funded Ratio. Carbon county falls within the 95-100% Adjusted Funded Ratio meaning we are a 'well funded' Pension Plan.

Mrs. Wilson gave a review of the third quarter

The U.S. Economy rebounded at a historic pace in Q3, with real GDP growing at a staggering 33.1% annual rate due to strong growth in consumer spending, business investment and housing. Economists expect growth to moderate in Q4 and 2021. Fiscal stimulus has supported the rebound in economic activity, particularly via transfer payments. More specifically, personal income skyrocketed after the CARES Act was enacted, with government transfer payments accounting for 20-30% of all personal income over the past few months. Absent another fiscal package, government spending is forecast to become a drag on economic growth by mid-2021. In turn, continued strength in personal income-and therefore consumer spending-over the next few quarters may largely depend on a further rebound in the labor market.

Mrs. Wilson gave a brief review of the Global Economy, Global Asset Performance, U.S. Equity Markets and U.S. Fixed Income

Observations on the third quarter of the Carbon County Portfolio:

- Market Value as of September 30, 2020 was \$81.7 million.
- The third quarter the Portfolio had a gain of \$4.2 million, returning 5.4%.
- Trailing 12-month investment gain of \$6.6 million, returning 8.0%.
- Since inception (June 2015) investment gain of \$26.6 million, returning 6.5% per year

As of November 13, 2020 the Portfolio value was \$85.1 million. This valuation is the highest so far in 2020 and surpasses the Funds' previous all-time high value of \$82.9 million as of 12/31/19, despite the market turbulence of 2020 due to the Pandemic and the many retirements and rollovers processed in 2020 year to date.

For the third quarter:

The Equity Composite returned 7.6%.
U.S. Equity Composite returned 8.4%
Global Equity Composite returned 6.6%
International Equity returned 5.4%

-US Fixed Income Composite returned 1.2% for the third quarter, and returned 7.3% year to date. High Yield Manager Lord Abbot returned 5.7%, while C.S. McKee returned 1.1% for the quarter.

Looking ahead Marquette Assoc. would like to review the Portfolios' Asset Allocation, adding infrastructure for diversification, review the Investment Policy Statement, and look into next year where Marquette Assoc. sees the Portfolio going, and maybe include some new managers for diversification.

The Fund returned 5.4% versus 5.6% (Policy Index), and 2.2% versus 3.5%(Policy Index) YTD.

Mrs. Wilson gave a brief review of the Composite Managers, and concluded by saying she feels we should stand on the sideline for six months and with the OCIO in place they have the ability to take out underperforming managers and bring the Portfolio back to target, if needed.

Each Board Member received a copy of the report with one on file in the Controller's Office.

Further Business: None

There being no further business Mr. Nothstein adjourned the meeting.


Wayne E. Nothstein, Chairman


Mark A. Sverchek, Secretary