

Minutes of the Carbon County Retirement Board  
Meeting of Thursday, May 21, 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.

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 April 16, 2020 meeting.

Mr. Ahner made a motion to approve the minutes, of the April 16, 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 –

May 6, 2020 Conference call Sarah Wilson, Marquette Assoc.  
-Portfolio review  
-Rebalancing strategy of OCIO plan

Mr. Sheehan made a motion to ratify Warrant #40542 - #40563 and Direct Deposit #7007339 to #7007710 for April, 2020.

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

Retirement Activity: April Report:

Superannuation:	1
Refunds:	2
Deceased:	1

Mr. Sverchek noted that the deceased retiree is former long time Sheriff, Peter Hoherchak. He mentioned that Mr. Hoherchak was also very involved in his community and wanted to express condolences to his wife and family on behalf of the Retirement Board.

April/2020

Monthly Benefits	\$421,585.57
Option 4	26,397.77
Refunds	<u>16,918.28</u>
Subtotal	\$464,901.62

Reimbursement of Retirement Exp	<u>234,619.36</u>
Total Disbursement	\$699,520.98

Portfolio Value: 4/30/2020 \$74,358,780

Correspondence: Application for Disability Retirement Allowance-Edward B. Herring, Jr. Solicitor Dan Miscavige noted Mr. Herring, Jr. has met all criteria for approval of this Disability Retirement. Mr. Lukasevich asked for clarification of the criteria to qualify for disability and Solicitor Miscavige provided a review.

Mr. Lukasevich made a motion to approve Edward B. Herring, Jr Disability Retirement effective May 21, 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

Solicitor's Report: None

Investment Manager's/Other Reports:

Marquette Associates- Sarah Wilson via Conference call

Mrs. Wilson started by stating the U.S. Economy activity has ground to a halt amid the global coronavirus pandemic, with real GDP declining by 4.8% in Q1. Economists expect a staggering 25.3% contraction in Q2, before a rebound in the second half of the year. Mrs. Wilson notes at this time, the range of possible outcomes is incredibly wide amid a myriad of unknowns. Current forecast for economic growth varies wildly given the enormous uncertainty.

The U.S. Economy consumption and employment have deteriorated at an historic pace, with more than half of those employed being affected by the pandemic. The actions (both fiscal and monetary) implemented by policymakers in an attempt to offset the economic downturn have been stunning in scope and scale. According to KKR(Global Investment Firm), the combined monetary and fiscal stimulus enacted so far is 35% of U.S. GDP.

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

Observations on the first quarter of the Carbon County Portfolio:

- Market Value as of March 31, 2020 was \$69.6 million.
- For the 1<sup>st</sup> Quarter of the Plan returned (13.8 %) and had a net investment loss of (\$11.3 )million.
- For the year 2019 the fund returned 19.9% and had a net investment gain of \$14.2 million.
- For the trailing 3 years the fund had an annualized return of +3.9% and a net investment gain of +7.4 million.
- Since inception (6/1/15) the portfolio's annualized return was 7.1% per year, with a gain of 24.4 million
- The Equity Composite returned (21.6%) for the Quarter and for trailing 1 year had a return of(11.2%)
- The U.S. Equity returned (22.2%) and for the trailing 1 year had a return of (11.1%).
- Global Equity returned (20.2%) and for the trailing 1 year had a return of (10.6%).
- International Equity returned (24.2%) and for the trailing 1 year had a return of (16.4%).
- Fixed Income Manager C.S. McKee returned +1.1% for the Quarter and for the trailing 1 year returned 6.3%
- Real Estate Manager Morgan Prime returned +0.6% for the Quarter and for the trailing 1 year returned +5.5%

Looking ahead Marquette would like to do a review of OCIO Transition, Asset Allocation (different Asset Classes), Review of Investment Policy Statement and an Education Meeting.

The OCIO update returned through April quarter-to-date 7.7%, and noted through the previous Friday the Portfolio value is \$73.5 million. Mr. Sverchek asked if the reallocation and rebalancing of the Portfolio that was done over 6 trading days in under 2 weeks the norm for a County? Mrs. Wilson replied that this was done much slower because of the Market, and the Custodians' (Bank of New York) policy of not allowing buying/selling on the same day. Mr. Sheehan asked if Marquette was going to address the Custodian issue at a future meeting? Marquette can give the Board three choices at no cost that would best serve the County and Marquettes needs: being fees, web access and trading policies. Mr. Lukasevich would like to discuss, and set up a meeting on the background of the Retirement program, which was discussed with the Actuary in a previous meeting, and options and suggestions during that meeting. Mrs. Wilson replied to wait until the new Actuarial Report is issued, and address in a future meeting or an Educational meeting to discuss Asset Allocation and any other pending recommendations.

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

Further Business:

Discuss and review the 'buyback of time' procedures for the fully furloughed employees.

Mr. Sverchek made a Motion to give returning employees who were fully furloughed a period of thirty (30) days from date of full-time return to elect the buyback of their time while furloughed or decline to buyback this time.

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

Mr. Sverchek made a Motion to grant the returning employees who were fully furloughed the following options to buyback their time:

1. Pay the amount due in one lump sum payment or
2. Pay the amount due by payroll deduction an equal amount each pay for a period not to exceed six (6) months from the date of the buyback election or
3. A combination of a lump sum payment and the remaining balance in an equal amount each pay for a period not to exceed six (6) months from the date of the buyback election.

Mr. Nothstein questioned if we needed this additional motion if it was already provided for in the Plan? A discussion ensued that buybacks are covered in the Plan document but because this is a special circumstance and the furloughs were not that long that Mr. Sverchek thought this was a reasonable accommodation for the affected employees.

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

The Board will address the second group of employees which are still fully furloughed, and have not been called back at this time, in a future meeting and amend the above motion, if needed.

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

  
Wayne E. Nothstein, Chairman

  
Mark A. Sverchek, Secretary