

Minutes of the Carbon County Retirement Board
Meeting of Thursday, August 20, 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 July 16, 2020 meeting.

Mr. Ahner made a motion to approve the minutes, of the July 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	Abstaining (Absent from Meeting)

Guests concerning Retirement Board Business - None

Report of Executive Session – None

Mr. Sheehan made a motion to ratify Warrant #40607 - #40627 and Direct Deposit #7008459 to #7008831 for July, 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: July Report:

Superannuation:	1
Refunds:	5
Deceased:	3

July/2020

Monthly Benefits	\$422,705.37
Refunds	<u>18,854.74</u>
Total Disbursement	\$441,560.11

Portfolio Value: 7/31/2020

\$80,421,840

Correspondence: None

Solicitor's Report: None

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

Mrs. Wilson started by stating the economic activity plunged amid the global pandemic, with real GDP declining by a staggering 32.9% in the second quarter. Economists expect a strong rebound in the second half of the year. While the decline in Q2 real GDP was historic, economic activity showed signs of an inflection point in late April and early May. As the quarter ended, economic data has been extremely strong relative to expectations. The 3rd quarter growth estimate for Real GDP is 15.2%.

The U.S. Economy consumption and employment have improved considerably toward the end of the quarter, with retail sales jumping by 17.7% and 7.5% in May and June, respectively, while the unemployment rate fell to 11.1%, down from its peak of 14.7%. Further economic recovery likely hinges on the continued reopening of the economy. As some states have paused their respective reopening plans, more lockdowns in the second half of the year seem possible amid a continued rise in confirmed COVID-19 cases across the U.S.

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 second quarter of the Carbon County Portfolio:

- Market Value as of June 30, 2020 was \$77.4 million.
- The second quarter the Portfolio had a gain of \$9.2 million, returning 12.4%.
- Trailing 12-months investment gain of \$3.3 million, returning 3.6%.
- Since inception (June 2015) investment gain of \$22.4 million, returning 5.8% per year.

As of August 14, 2020 the Portfolio value was \$81.8 million. This valuation is the highest so far in 2020 and is close to the Funds' 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 second quarter;
The Equity Composite returned 19.0%.
U.S. Equity Composite returned 20.2%
Global Equity Composite returned 19.3%
Non-U.S. Equity Composite returned 15.9%

-Fixed Income Composite returned 4.9% for the second quarter and year to date returned 6.0%.

- Carbon County Portfolio transitioned from Traditional to an OCIO Structure and Manager Lineup.
- Diversified Fixed Income, adding passive Aggregate bond Fund and High Yield Fund.
- Switched MFS Low Volatility Global Equity from mutual fund to commingled vehicle and a lowered expense ratio reduced from 0.68% to 0.46% with estimated annual saving of \$10,000.

Mrs. Wilson conducted a further review of the Portfolio highlighting some of the recently approved changes in the Portfolio due to change to OCIO Structure and their results.

Mr. Sverchek questioned the 10% holding in the Morgan Prime Property Fund due to the current investing climate with Real Estate. Mrs. Wilson reviewed the Funds' holdings and the reasoning behind remaining in the Fund.

Mr. Sheehan asked about the overall exposure in the Retail Sector of the Fund and Mrs. Wilson reviewed the overall Retail sector breakdown in the Fund.

Looking ahead Marquette Assoc. would like to do an Infrastructure Education meeting. Marquette Assoc. is recommending to all County Portfolios to put 5% on Infrastructure, the reason being they would like more diversification, and there is an 18 month waiting list.

An Asset Allocation study is also recommended when Infrastructure is added, and also adding defensive equity (50/50 combo, which are Options in a traded Mutual Fund). However, this Fund would still allow us to exit quickly, if needed.

In the June Retirement Meeting the Board asked Marquette Assoc. to look into a possible replacement for the present Custodian- Bank of New York Mellon. Mrs. Wilson addressed possible replacements which would be a good fit for the Carbon County Retirement Portfolio: US Bank, PNC Bank and Wilmington Trust.

After a brief discussion the Board decided US Bank was the best fit with the low fees and ability to do same day trading were the key factors.

Mr. Sverchek made the motion to go with US Bank as the Custodian for the Carbon County Retirement Portfolio.


Mr. Sheehan seconded the motion.

Mr. Sverchek called the roll:

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

Each Board Member received a copy of the Portfolio report and the Custodial Search report with a copy of each report on file in the Controller's Office.

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


Wayne E. Nothstein, Chairman


Mark A. Sverchek, Secretary