

Minutes of the Carbon County Retirement Board
Meeting of Thursday, September 17, 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 was absent.

Chairman Nothstein called the meeting to order and turned it over to Acting Secretary Kevin Binder.

Mr. Binder asked for the approval of the minutes, of the August 20, 2020 meeting.

Mr. Lukasevich made a motion to approve the minutes, of the August 20, 2020 meeting.

Mr. Ahner seconded the motion.

Mr. Binder called the roll:

Mr. Sheehan	Yes
Mr. Binder	Abstaining (Not present for Meeting)
Mr. Ahner	Yes
Mr. Lukasevich	Yes
Mr. Nothstein	Yes

Guests concerning Retirement Board Business - None

Report of Executive Session – None

Mr. Ahner made a motion to ratify Warrant #40628 - #40630 and Direct Deposit #7008832 to #7009219 for August, 2020.

Mr. Lukasevich seconded the motion.

Mr. Binder called the roll:

Mr. Sheehan	Yes
Mr. Binder	Yes
Mr. Ahner	Yes
Mr. Lukasevich	Yes
Mr. Nothstein	Yes

Retirement Activity: August Report:

Deceased: 1

August/2020

Monthly Benefits	\$422,672.15
Refunds	<u>0.00</u>
Total Disbursement	\$422,672.15

Portfolio Value: 8/31/2020 **\$82,940,442**

Correspondence: None

Solicitor's Report: None

Investment Manager's/Other Reports:

David Reichert, Korn Ferry (2020 Actuarial Valuation Report)

Mr. Reichert stated that the Contribution for 2020 was just under \$1.2 million, which was less than the estimate, he noted the plan is in really good shape, because of the yearly contributions. Funding ratio for 2020 is 95% which is a great funding ratio!

Korn Ferry has a concern with the present mortality table (RP2000 scaled to year 2013), because people are living longer, with retirement payments made longer. Every year in delaying putting in place the new table would be creating a loss, and increase the Contribution payment. Mr. Nothstein noted "by increasing the table would cost more, but would give an advantage in a good market with the returns having more invested, by waiting too long and don't make the contributions, we will settle for what we didn't pay, but what we might be losing in investments". Over the last 10 years the Carbon County Portfolio assets have earned on average 8 3/4%, which is above the assumption of 7 1/2%, which is one of the reasons the funding ratio is so high, and have made the money work for the Portfolio. Mr. Reichert mentioned that his firm recommends updating the Actuarial Tables every 10 years. The last update would have happened in the 2014-'15 time frame and this change was delayed in many Counties due to the Recession of 2008.

Other concerns are the interest rate the Counties are crediting the Members Accumulated Deductions. Carbon is currently at 5 1/2%, the highest the law allows (4 – 5 1/2%). Some Counties have lowered this rate, however they are not making a recommendation to move the rate at this time but just to make the Board aware of what some other Counties have done. Mr. Lukasevich noted that this would help offset the increase if adopting a new mortality table. Another concern is Korn Ferry assumes a 3 1/2% salary increase for the 2020 valuation, overall the salaries for active employees who were in the plan the prior year was just under a 6% increase, which was a loss, and states this is something to be aware of moving forward. According to the 2019 statistics Mr. Reichert noted that there were 113 employees that realized over a 4% increase in wages. However, Mr. Sheehan and Mr. Nothstein pointed out that this was due to an increase in overtime at the Prison and this may also be a factor in 2020 as well due to COVID-19. Mr. Reichert stated that with retirees living longer and with the increase in pensioners Counties are paying out more money, noting the contributions for Carbon County were about \$1.8 million, and payments to pensioners in 2019 was over \$5 million, which could be a concern with investments. Mr. Reichert also noted that the Annual COLA (Cost of Living) letter will be coming out soon along with the estimated contribution (ADC) to the Fund for 2021 which is needed for the current Budgeting process.

Mr. Sheehan stated he feels the County should hold off with the changing of the mortality table at least for this year with the uncertainty due to COVID-19. Mr. Reichert gave an example and briefly explained how the new mortality table would work, and will discuss in a future meeting. The other recommended change besides the Mortality Table changes would be the Accounting method change under the GASB 67 & 68 standard. If both these changes are made together at some point in the future, the Accounting method change can help to offset the increase created by updating the Mortality Tables.

There was a brief discussion on changes in the retirement plan which the state could address, and changes the County could pursue as in changing its classification. In closing Mr. Reichert wanted to recognize the Retirement Board for doing a great job in administering the County Pension Fund this year despite the numerous significant challenges that occurred (COVID-19, Recession, etc.).

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



Wayne E. Nothstein, Chairman



Kevin J. Binder, Acting Secretary