

Minutes of the Carbon County Retirement Board
Meeting of Thursday, August 19, 2021

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 15, 2021 meeting.

Mr. Lukasevich made a motion to approve the minutes, of the July 15, 2021 meeting.

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

Guests concerning Retirement Board Business - None

Report of Executive Session – None

Mr. Ahner made a motion to ratify Warrant #40707 - #40713 and Direct Deposit #7013117 to #7013510 for July, 2021.

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

Retirement Activity: July Report:

Superannuation Retirements:	2
Refunds:	3

July/2021

Monthly Benefits	\$447,483.47
Refunds	<u>24,574.30</u>
Total Disbursement	\$472,057.77

Portfolio Value: 7/31/2021 \$ 94,377,715 * (This balance denotes a new All-time high)
Portfolio Value update (8/13/2021) \$ 95,338,886 ** (“ “ “ “ “ “ “ “)

Correspondence: None

Solicitor's Report: None

Investment Manager's/Other Reports:

Marquette Associates- Sarah Wilson (via ZOOM)

Mrs. Wilson started by stating while economic activity maintained its robust pace in Q2, growth was below economist expectations, at 6.5%. Moving forward, growth is expected to moderate over the next several quarters as fiscal spending is set to become contractionary, based on current policy measures. If fiscal policy does become a drag on economic growth, it will be imperative for the recovery in the private sector to continue.

According to Morgan Stanley estimates, consumers are sitting on more than \$2 trillion in excess savings relative to the pre-pandemic trend, while business inventories reside at multi-decade lows. Both estimates argue that the private sector is positioned to take the baton from the public sector as the economy heads into 2022.

Currently, 5-year breakeven inflation remains higher than 10-year breakeven inflation (as measured by the TIPS market), continuing to imply that inflation over the next 5 years will be higher than inflation in the latter half of the next decade. According to the Federal Reserve Bank, the institution's flexible-price consumer price index (CPI)—a weighted basket of items that change price relatively frequently—increased 12.4% over the past year, while their sticky CPI—a weighted basket of items that change price relatively slowly—increased just 2.7% over the same period.

A strong economic backdrop and recent inflationary pressures have driven a shift in the Federal Reserve's outlook for short-term interest rates. As of June, the Federal Reserve anticipates raising rates for at least once before the end of 2023, the futures market, on the other hand, continues to expect multiple rate hikes over the same period.

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, 2021 was \$93,836,415 million

-the plan returned +5.6% and had a net investment gain of \$5 million

-the Retirement Fund returned 9.4%, with an investment gain of \$8.2 million

-for the trailing 12 months, the Retirement Fund returned 27.0%, with an investment gain of \$20.6 million

-Since inception (6/1/2015) the Retirement Fund has returned 9.1% per year, with an investment gain of \$42.9 million. (Which is outperforming the Actuarial Assumption)

For the second quarter:

Equity Composite returned 7.4% for the quarter, 14.3% for the year
U.S. Equity Composite returned 7.3 % for the quarter, 15.3 % for the year
Global Equity Composite returned 8.5% for the quarter, 13.0 % for the year
Non-U.S. Equity Composite returned 5.5 % for the quarter, 11.4 % for the year
Fixed Income Composite returned 1.9 % for the second quarter and -1.5% for the year

Looking Ahead Marquette Assoc. would like to make some Manager changes now that the Custodian change has been made to US Bank. They would like to realign the portfolio and purchase indexes to build around and reduce the price of the overall portfolio cost.

Mr. Sheehan noted in Observation that the Retirement fund returned 9.4% Y-T-D, for the trailing 12 months returned 27%. Future Actuarial Reports might ask to cut the estimated annual rate of return from 7.5%, which the Portfolio already meets that number and trends show over 5-10 yrs. the fund is over that mark. Also made mention of Net Cash Flow being roughly \$4 million a year and should be watched, and observed that Policy Index and Fund Composite is right in line where it should be. Mrs. Wilson feels lowering the rate of return should be addressed with the next couple year's rate of return expected to be lower than present returns.

Mrs. Wilson gave a brief review of the Portfolio Managers returns.


Mr. Sverchek asked Mrs. Wilson to comment on some investment overlap due to some holdings being the same among the different Funds. Mrs. Wilson states how it is hard not to have that overlap. It was noted US Equities are included in Global Equities and how some of the largest Companies are held by numerous Funds as part of their Portfolio.

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

New Business/Old Business: None

Further Business: None

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


Wayne E. Nothstein, Chairman


Mark A. Sverchek, Secretary