

# CENTRE COUNTY RETIREMENT BOARD

April 28, 2020

## MINUTES

**Call to Order:** The Centre County Retirement Board met Tuesday, April 28, 2020, with Chairman Mike Pipe in Room 146 at the Willowbank Building. The meeting was called to order at 12:15 PM by Chairman Mike Pipe. Present via remote access were Retirement Board Members: Commissioner Mike Pipe, Commissioner Mark Higgins, County Treasurer Colleen Kennedy, and County Controller Jason Moser. Tom Martin, Director of Finance, and Travis Walker, Internal Auditor, were also in attendance remotely.

**Approval of Minutes of Prior Meeting:** There was no call for a motion to approve minutes from April 21, 2020.

### **Correspondence:**

None.

### **Old Business:**

None.

### **New Business:**

- A. TWIN Representatives, Geoff Gerber, Sam Gerber, and Vince Larence joined via video conference to give an update on the Centre County Retirement Fund's investment portfolio managed by TWIN for 1Q 2020. Geoff Gerber also described the current volatility in the market and historical information showing how it compared to previous shifts in the markets. After indicating that the portfolio performed poorly in the latter half of 1Q 2020, with market conditions deteriorating due to COVID-19, and economic outlook, Geoff Gerber indicated that TWIN's portfolio performed worse than the S&P in 1Q 2020.

Commissioner Pipe noted that the reason TWIN was contracted to manage a portion of the Retirement Fund portfolio was to protect the investments in a down market and that this had not occurred in 1Q 2020. He further indicated that the Retirement Board may need to consider other options moving forward.

Geoff Gerber apologized for the results and indicated they were not what TWIN expected of their portfolio.

- B. Controller Moser brought to the Retirement Board for discussion, after a conversation with the Actuary, Korn Ferry, and external auditors, Baker Tilly, the issue of Cost-of-Living Adjustments (COLA) for pensioners, the County's history of granting COLAs, and how the County would treat COLAs moving forward. Controller Moser reminded the Board of the issue in 2019, with the Actuary's Valuation Report, and Internal Auditor, Travis Walker, covered what impacts the COLA being treated as a pattern or ad hoc could have on the County's credit standing. Controller Moser was directed to discuss with Korn Ferry and Baker Tilly that the County would be treating the COLA as ad hoc and would prefer it addressed as such in the Valuation Report and audit.
- C. Controller Moser brought the Retirement Board the option of allowing furloughed employees to buy back their lost service time towards their pension. He indicated this would not cost the County any money up front and that furloughed employees would be responsible for buying both their and the County's contribution for the service time. A motion was made by Treasurer Kennedy to approve allowing employees furloughed due to COVID-19 the opportunity to buy back their lost service time. It was seconded by Controller Moser and the motion passed unanimously.
- D. Controller Moser brought to the Retirement Board for discussion an option for an Early Retirement Incentive as a potential long-term strategy for dealing with possible revenue deficiencies due to COVID-19. He explained this would allow liabilities to be shifted from the General Fund to the Retirement Fund, but involves a lengthy process to analyze and establish. After some discussion, there was a consensus for more information gathering. No action was taken.

A motion to adjourn was made by Treasurer Kennedy and seconded by Commissioner Higgins. The meeting adjourned at 1:22 PM.

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Jason Moser, Controller and Secretary of the Retirement Board

**Next Meeting:** May 14, 2020; Discussion of Rebalancing and Passive Management.