



RETIREMENT BOARD MINUTES

Thursday, April 15, 2021, 11:00 A.M.

Willowbank Office Building
420 Holmes Street, Room 146
Bellefonte, PA 16823

I. CALL TO ORDER

The Retirement Board met via BlueJeans and the meeting was called to order by Commissioner Pipe at 11:03AM. In attendance were Retirement Board members, Commissioner Higgins, Commissioner Dershem, Treasurer Kennedy, and Controller Moser. Geoff Gerber, Sam Gerber, and Vince Larence from TWIN Capital; and Travis Walker, Auditor/Accountant, were also in attendance.

II. PUBLIC COMMENT

In accordance with the Sunshine Act, attendees will be given the opportunity to comment on matters of concern, official action, or deliberation before the Retirement Board. For items not on the agenda, the Retirement Board will accept public comment at the beginning of each meeting. For items that are on the agenda, the Board will accept public comment prior to each official action. Persons desiring to comment should raise their hand to be recognized by the Chair. Anyone addressing the Board will be given a five-minute time period in which to do so.

III. MEETING MINUTES

Minutes from the Thursday, April 15, 2021, Retirement Board Meeting.

On a motion from Treasurer Kennedy and seconded by Controller Moser, the meeting minutes for April 15, 2021, were approved.

IV. CORRESPONDENCE

None.

V. OLD BUSINESS

- A. RFP for Retirement Fund Investment Consultant. - Controller Moser confirmed for the Retirement Board the date of May 13, 2021, from 1PM-4PM, for the three finalists in the RFP process: PFM, Vanguard, and Marquette Associates.
- B. Discussion on Retirement Fund Actuarial Assumptions and Methods – The Retirement Board discussed the update actuarial assumptions and methods recommended by the Fund’s Actuary, Korn Ferry. Controller Moser made the recommendation to adopt Scenario 4, the totality of all of the recommended assumptions and methods: Revised Life Expectancy, Revised Method for Member Deductions, Reduced Investment Return Assumption, and Revised Asset Method. Treasurer Kennedy and Commissioner Higgins noted their support for the adoption of Scenario 4, with Commissioner Higgins noting that Korn Ferry was making similar recommendations to the 40+ Counties they contract with.

Commissioner Pipe raised a concern about the future impacts of the adoption of Scenario 4. He noted that while the adoption now results in a savings on the County's Actuarially Determined Contribution (ADC) this year over budgeted, he was questioned if it would result in higher ADCs in the future. Treasurer Kennedy responded that if the Board did not adopt the Scenario, they would need to eventually and the delay was only postponing action a future Board would need to make.

Commissioner Pipe mentioned that this was the County's lowest ADC in a number of years, which Controller Moser confirmed the lowest prior was 2015 at approximately \$1.6M. Controller Moser also shared that while higher ADCs in the future were not inevitable, the adoption of all four changes recommended by Korn Ferry should work to mitigate large swings in the ADC.

Commissioner Pipe asked that a future Retirement Board agenda include an action item to change the structure of the County's ADC payments for the remainder of the year.

On a motion from Controller Moser, seconded by Commissioner Dershem, the adoption of Scenario 4 as recommended by Korn Ferry, was approved unanimously.

VI. NEW BUSINESS

- A. TWIN Capital 1Q 2021 Investment Performance Results – Vince Larence from TWIN Capital introduced Geoff Gerber and Sam Gerber, while expressing his appreciation for working with Centre County. He also noted that it was TWIN Capital's 33rd year in business.

Sam Gerber reviewed TWIN's Capital Profile and continued into the Fund's performance for 1Q 2021. The portfolio outperformed the benchmark in 1Q 2021.

Geoff Gerber covered the fluctuations in interest rates through March and indicated that April, is historically a strong month for the markets. He said that TWIN really only invests in companies that consistently grow dividends. He noted that as interest rates climb, financial stocks perform better, and were some of the highest performing stocks along with energy stocks in 1Q 2021, with both sectors being the biggest underperformers in 2020, due to the pandemic. He further clarified that the comeback in value is at the beginning and this period is just the start of the turnaround.

Geoff also noted that May-September is historically the weakest period of the markets and to not expect the same growth through the entire 2Q and 3Q. The major concerns right now are inflation, with CEOs discussion of inflation up 300%, and that it has been a deflationary environment for approximately the past decade.

Commissioner Dershem noted it was a good presentation. He and Commissioner Pipe thanked TWIN for their presentation.

Centre County *Dividend Select* Performance

Returns Through March 31 2021

PERFORMANCE SUMMARY REPORT

	2020 Q1	2020	2019	2018	2017	2016	2015	2014 *	Cumulative Since Inception **	Annual Risk Since Inception **
TOTAL RETURNS (WITH INCOME) %										
Centre County Portfolio (gross of fees)	6.91	6.32	29.83	-5.07	19.68	16.52	-0.96	2.64	11.29	13.55
Centre County Portfolio (net of fees)	6.82	5.95	29.40	-5.40	19.31	16.12	-1.28	2.64	10.92	13.53
S&P 500 Benchmark	6.17	18.40	31.49	-4.38	21.83	11.96	1.38	2.43	13.38	14.60
RELATIVE PERFORMANCE TO S&P 500 (%)										
Centre County Portfolio (gross of fees)	0.73	-12.08	-1.65	-0.69	-2.15	4.56	-2.34	0.21	-2.10	3.56
Centre County Portfolio (net of fees)	0.64	-12.45	-2.09	-1.02	-2.52	4.16	-2.66	0.21	-2.46	3.59
Total Portfolio Market Value	\$18,438,239	\$17,246,890	\$16,222,244	\$12,494,612	\$13,161,925	\$10,997,373	\$5,161,668	\$5,211,657	\$	5,000,000

Notes:

*Official performance record begins November 2014 (first complete month)

**Inception of Account on October 28, 2014; S&P 500 performance record begins November 2014 (first complete month)
Additional Client Contribution on December 29, 2016 of \$5,000,000

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PLEASE READ IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION



VII. ADJOURNMENT

On a motion by Commissioner Higgins and seconded by Treasurer Kennedy, the Retirement Board adjourned at 11:37AM.