



RETIREMENT BOARD MINUTES

Thursday, October 21, 2021, 11:00 A.M.

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

I. CALL TO ORDER

The Retirement Board met in Room 146 at the Willowbank Office Building. The meeting was called to order by Commissioner Pipe at 11:01AM. In attendance were Retirement Board members Commissioner Higgins, Commissioner Dershem, Treasurer Kennedy, and Controller Moser. Rob Rossi, Mike Donnelly, and Brian Allen from C.S. McKee 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. ADDITIONS TO THE AGENDA

In accordance with ACT 65 of 2021, no discussion or action will be allowed for any item not included on the published agenda unless the item is one of an emergency nature or is de minimus in scope and does not require funding authorization and/or a contract or agreement. A majority vote of the Board is required to add an item to the agenda. All provisions of Act 65 regarding requirements for updating a published agenda after the meeting are in effect.

IV. MEETING MINUTES

Minutes from the Thursday, October 14, 2021 Retirement Board Meeting.

On a motion from Treasurer Kennedy and seconded by Commissioner Higgins, the minutes from the October 14, 2021, Retirement Board meeting were approved unanimously.

V. CORRESPONDENCE

None.

VI. OLD BUSINESS

None.

VII. NEW BUSINESS

- A. CS McKee 3Q 2021 Investment Performance Results – After a welcome by Commissioner Pipe, Controller Moser introduced Rob Rossi, Senior Vice

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President; Mike Donnelly, Director of Equities; and Brian Allen, Director of Fixed Income, from C.S. McKee.

Rob Rossi began the presentation for C.S. McKee and introduced Mike Donnelly, and Brian Allen. He provided an update on C.S. McKee: \$8.3 billion in assets comprised of \$6.5 billion in fixed income, \$1 billion in equities, and approximately \$800,000 in mixed being managed by Stadion, including International equities.

	QTD	YTD	3YR	5YR	10YR
Large-Cap Core Equity	0.36%	21.63%	14.53%	16.24%	15.18%
<i>S&P 500</i>	<i>0.58%</i>	<i>15.92%</i>	<i>15.99%</i>	<i>16.90%</i>	<i>16.63%</i>
International Mutual Fund	-0.32%	9.86%	3.33%	5.87%	6.49%
<i>EAFE</i>	<i>-0.45%</i>	<i>8.35%</i>	<i>7.62%</i>	<i>8.81%</i>	<i>8.10%</i>
Fixed Income	0.12%	-0.65%	4.64%	2.80%	2.89%
<i>Blend Index</i>	<i>0.05%</i>	<i>-0.79%</i>	<i>4.39%</i>	<i>2.47%</i>	<i>2.50%</i>
Total Portfolio	0.21%	11.21%	9.77%	10.04%	9.44%
<i>Blend Index</i>	<i>0.19%</i>	<i>7.12%</i>	<i>10.11%</i>	<i>9.48%</i>	<i>9.14%</i>

Mike Donnelly reviewed the Large-Cap equity performance for the third quarter, noting that the quarter performed below the benchmark but year-to-date was outperforming it. He also noted that the year started strongly with impacts from the Delta variant of COVID-19 impacting 3Q 2021 markets. He further noted that there is an historic disparity between Price v. Earnings (PE) than typically experienced.

Brian Allen presented on the Fixed Income performance in 3Q and noted that inflation combined with interest rates continues to be the driver of the underperformance in fixed income. He noted the CPI was 5.4% with over a third of the CPI being impacted by transportation service (airlines, rental cars, etc.). He noted that it would be mid-to-late 2022 to see some relief from inflation on fixed income.

Commissioner Dershem asked how long the markets and economy sustain with increased inflation and historically low interest rates. Brian Allen again reiterated that there may be some relief next year; Mike Donnelly added that, in his opinion, it may take sudden and significant increase in the short-term interest rates to produce an effective change.

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Commissioner Pipe noted that he and the Retirement Board looked forward to continuing work with C.S. McKee in conjunction with PFM Asset Management advising on the portfolio.

VIII. ADJOURNMENT

After no additional questions or commentary, a motion was made to adjourn at 11:38AM by Commissioner Dershem, seconded by Controller Moser, and passed unanimously.

Jason Moser, Secretary of the Retirement Board
Controller