



BLAIR COUNTY RETIREMENT BOARD

c/o Blair County Controller, 423 Allegheny St., Ste 141 Hollidaysburg, PA 16648

Blair County Retirement Board Meeting

August 13, 2020 at 9:30 AM

By Conference Call

Board Members in Attendance:

Commissioner Bruce Erb, Commissioner Laura Burke, Controller A. C. Stickel, Commissioner Amy Webster, Treasurer Jim Carothers

Non-Board Members in Attendance:

Nicole Hemminger, Jennifer Sleppy
Pat Wing – Marquette & Associates

Board Members not in Attendance:

N/A

Media in Attendance:

N/A

Quorum: Present

Call to Order: Commissioner Bruce Erb called the meeting to order at 9:30 a.m.

Commissioner Erb explained the ground rules for today's teleconference. Only voting members of the Retirement Board may leave their telephones unmuted during the entire meeting, but we would request each avoids excess noise from your location. All other participants should mute their telephones until called upon to speak. Public participants may speak only during the designated public comment period near the beginning of the meeting and must keep their phones muted during the rest of the meeting. Each person needs to avoid interrupting the person speaking. Each speaker MUST state his/her name before talking each time he/she speaks so others will know who is speaking and to ensure minutes will be accurate.

The roll was called by Controller Stickel.

Call for Public Comment: Commissioner Erb called for public comment on Retirement Board Agenda items. There were no comments.

Approval of Minutes: A motion was made by Commissioner Burke and seconded by Commissioner Webster to approve the minutes from the July 9, 2020 Retirement Board Meeting. The motion was unanimously carried.

Q2 Investment Performance Report: Pat Wing from Marquette Associates presented the Second Quarter 2020 Investment Performance Report, reviewing the global economic environment, capital markets performance and the Retirement Fund (the "Fund").

The Fund had an investment return of 11.7% for the quarter (net of investment management fees), underperforming its policy benchmark by 1.0% (11.7% vs. 12.7%). Underperformance was largely due to an equity underweight in April relative to the policy target. A more defensive implementation across equity managers also played a role

Year-to-date, the Fund had an investment return of -2.5% (net of investment management fees), slightly underperforming its policy benchmark by 0.2% (-2.5% vs. -2.3%).

Mr. Wing also provided and reviewed a Performance Update for the month of July. For the month, the Fund generated an investment gain of \$1.1 million, representing a return of 3.3% (net of investment management fees).

U.S. Equity Structure: Mr. Wing presented a review and analysis of the Fund's U.S. equity investments. Within U.S. Equities, the Fund has historically had a tilt towards value stocks, which is intended to be a more conservative approach, and mid-cap stocks for increased return potential.

He then noted how the U.S equity market has been extremely narrow in 2020. Year-to-date through June, the largest five stocks have returned more than 25%, while the remaining 495 stocks in the S&P 500 Index are down by nearly 10%. These 5 stocks now account for nearly 22% of the S&P 500 Index, leaving the broad equity market much more heavily weighted to large-cap stocks than previously. In turn, the Fund's U.S. equity investments now had a lower allocation to large caps and a much higher allocation to mid-cap stocks than was originally intended. Given that, Mr. Wing proposed that, as a part of a larger rebalancing, the funds allocated among the U.S. equity investments be changed so that the tilts were in line with the original intentions.

Rebalancing: The Controller's Office has determined that \$60,000 is needed from the Fund to meet August distribution payments. Mr. Wing presented a rebalancing option to the Board that proposed a redemption of \$725,000 from the Vanguard Equity Income Fund, a redemption of \$1,100,000 from the Vanguard Mid Cap Index Fund, a redemption of \$230,000 of the Vanguard Short-Term Corporate Bond Index Fund, a redemption of \$325,000 from the Federated Hermes Institutional High Yield Bond Fund, a purchase of \$1,775,000 of the Vanguard Total Stock Market Index Fund, a purchase of \$130,000 of the Nuveen Global Infrastructure Fund, and a purchase of \$475,000 of the Vanguard Intermediate-Treasury Fund.

This would accomplish several goals. First, the rebalancing would keep the Fund's asset allocation close to the targets as set forth in the Investment Policy Statement. Second, it would move the Fund's U.S. equity investments back in line with the intended tilts relative to the broad market. Finally, it would reduce the allocation to high-yield bonds, which have performed extremely well over the past few months, leaving their valuation less attractive relative to core fixed income, compared to when the Retirement Fund made its initial investment.

After discussion by the Board, a motion was made by Controller Stickel seconded by Commissioner Webster and unanimously carried to approve the proposed rebalancing Pat Wing from Marquette Associates presented.

Monthly Financial Report: Controller Stickel provided the July financial report for the information of the board.

Applications for Membership, Retirements, Refunds, and Rollover Payments: A motion was made by Controller Stickel and seconded by Commissioner Burke that the applications for membership, retirements, refunds and rollover payments be accepted as set forth in the agenda. The motion was unanimously carried.

Administrative Fees: A motion was made by Controller Stickel and seconded by Treasurer Carothers that the administrative fees be accepted as set forth in the agenda. The motion was unanimously carried.

Meeting of August 13, 2020 continued. . .

Litigation Checks: There were no litigation checks received in July

Totals for the Monthly Retirement Distribution for 2020 were set forth in the agenda for the information of the board.

Contributions made to the Retirement Fund in 2020 were set forth in the agenda for the information of the board.

Adjournment: There being no more business to discuss, the meeting was adjourned at 9:25 a.m.

The next regular meeting of the Retirement Board will be held on September 10, 2020 at 9:30 a.m. by conference call.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "August C. Stickel IV". The signature is fluid and cursive, with the first name "August" being the most prominent.

August C. Stickel IV
Secretary