

ARMSTRONG COUNTY RETIREMENT BOARD
Meeting Minutes
July 6, 2021, 1:00 PM

The meeting of the Armstrong County Retirement Board (The Board) was called to order by Commissioner Myers in the Commissioners' Conference Room on Tuesday, July 6, 2021 at 1:04 PM. The following attended, unless marked absent:

Board Members:

Commissioners Donald K. Myers (Chairman), Jason Renshaw (Member) - ABSENT, Pat Fabian (Member), Controller Myra L. Miller (Secretary), Treasurer Amanda Hiles (Member)

Guests:

Mr. Pat Wing, Consultant/VP, Marquette Associates
Mr. Charles Friedlander, Actuary, Municipal Finance Partners, Inc.
Mr. Aaron Poole, Financial Management Director
Ms. Anne Cloonan, Leader-Times reporter
Mrs. Amanda Rybarik, Retirement Specialist

Commissioner Myers announced that the meeting was being electronically recorded.

Commissioner Myers led the Pledge of Allegiance.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to approve the Minutes of the March 10, 2021 Retirement Board Meeting.

It was motioned by Commissioner Fabian, seconded by Treasurer Hiles, and carried unanimously to acknowledge the Peirce Park Group/Marquette Associates Cash Flow Summary Reports for 02/28/2021 – 04/30/2021. It was noted that during the same time period there was a net increase in the Combined Asset Market Value of \$4,108,305 (02/28/2021 - \$77,744,951 to 04/30/2021 - \$81,853,256).

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to acknowledge the Trade Transactions for **MARCH 2021 – APRIL 2021**.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to acknowledge Retirement Summary for **MARCH 2021, APRIL 2021, and MAY 2021**.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to acknowledge Retirement A/P Bills for **MARCH 2021 – (\$11,699.82)**, **APRIL 2021 – (\$5,210.43)**, and **MAY 2021 – (\$42,120.37)**.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to acknowledge the Armstrong County Employees' Retirement System Actuarial Valuation as of January 1, 2021 presented by Mr. Friedlander.

Mr. Wing presented an investment review, discussing the global economic environment, capital markets and performance of the Retirement Fund. He noted that the capital markets environment was quite different than the beginning of 2020, which saw a historic decline in equity markets amid the pandemic. More specifically, Mr. Wing stated that global equity markets have returned more than double digits this year as investors continue to price in the current economic recovery and rebound in corporate earnings.

Through May, the Fund had an investment return of 7.9%. While June return data was not yet available at the time of the meeting, he estimated that the Fund returned another 0.6-0.7% in June, leaving the 2021 return at approximately 8.5% and comfortably ahead of the 7.0% actuarial assumed rate of return at this time.

After the discussion, Mr. Wing provided background on the Retirement Fund's allocation to Private Credit, an asset class approved by the Board in May of last year. At that time, the Board approved a \$2.5 million commitment to H.I.G. Bayside VI Loan Opportunity Fund. In March of this year, the Board approved a \$1.5 million commitment to the Bain Capital Global Direct Lending 2021 Fund. Given the nature of the asset class, however, Mr. Wing noted that it could take another two or three years for the Private Credit asset class to move to its long-term strategic target of 5.0%.

From an investment policy perspective, the Private Credit allocation is set to be funded by core fixed income over time. However, Mr. Wing stated that the outlook for core fixed income remains poor amid the low interest rate environment. Given that, he recommended the Board approve an amendment to the Investment Policy Statement that would 1) allow a higher allocation to below-investment grade public debt, which are comparable to private credit and 2) increase short-term return expectations as Private Credit continues to be funded over time. More specifically, the amendment change the Investment Policy Statement as follows:

- Change "Private Credit" asset class to "Private Credit/Bank Loans"
- Change "Private Credit Investment Guidelines" to "Private Credit/Bank Loans Investment Guidelines"
- Add "Private Credit/Bank Loan assets may be held in publicly traded bank loan securities. Assets may also be held in Private Credit Investments, which will be implemented through either closed-end funds or open-end commingled fund vehicles"

After discussion, a motion was made by Controller Miller, seconded by Commissioner Fabian, and carried unanimously to approve amending the Investment Policy Statement, as Mr. Wing had recommended.

Finally, Mr. Wing presented an overview of the County's 457(b) Plan, with a focus on the fixed account interest rate and participant fees. He reviewed discussions held with Nationwide, including various pricing proposals.

After the discussion, the Board requested that Mr. Wing set up a meeting with Nationwide and County staff to discuss the pricing proposals in more detail and the process for a transition if the County moves to one of the new proposals. A motion was then made by Commissioner Fabian, seconded by Controller Miller, and unanimously carried to acknowledge Mr. Wing's presentation.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to adjourn the July 6, 2021 Retirement Board Meeting at 2:37 PM. The next 2021 Retirement Board Meeting will be in the Commissioners' Conference Room on Wednesday, September 8, 2021 at 9:00 am, unless otherwise rescheduled and advertised.

Respectfully submitted,

Myra L. Miller
Secretary/Controller

MLM