



Donald K. Myers, Chairman
Myra L. Tammy Miller, Secretary

Courthouse Administration Building - Suite 102
450 Market Street
Kittanning, PA 16201

Members:
Jason Renshaw
Pat Fabian
Amanda C. Hiles

724-548-3230 • Fax: 724-548-3204
mlmiller@co.armstrong.pa.us

Retirement Board

COUNTY OF ARMSTRONG

ARMSTRONG COUNTY RETIREMENT BOARD

Meeting Minutes

December 15, 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 Wednesday, December 15, 2021 at 1:00 PM. The following attended, unless marked absent:

Board Members:

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

Guests:

Mr. Pat Wing, Consultant/VP, Marquette Associates
Mr. Aaron Poole, Financial Management Director
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 September 8, 2021 Retirement Board Meeting.

It was motioned by Controller Miller, seconded by Commissioner Fabian, and carried unanimously to acknowledge the Peirce Park Group/Marquette Associates Cash Flow Summary Reports for 07/31/2021 – 11/30/2021. It was noted that during the same time period there was a net decrease in the Combined Asset Market Value of \$119,249 (07/31/2021 - \$83,511,619 to 11/30/2021 - \$83,392,370).

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

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to acknowledge Retirement Summary for **SEPTEMBER 2021, OCTOBER 2021, and NOVEMBER 2021**.

It was motioned by Commissioner Fabian, seconded by Commissioner Renshaw, and carried unanimously to acknowledge Retirement A/P Bills for **SEPTEMBER 2021 – (\$8,369.90), OCTOBER 2021 – (\$44,291.86), and NOVEMBER 2021 – (\$94.63)**.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to approve the Horizon Information Systems 2022 Maintenance Agreement Renewal for \$2,773.00, as there was no increase from the previous year.

Controller Miller initiated a conversation regarding the Armstrong County Retirement Board Meeting Dates for 2022. After discussion, it was motioned by Controller Miller, seconded by Commissioner Fabian, and carried unanimously to accept the following dates for the 2022 Armstrong County Retirement Board Meetings:

- Wednesday, March 9, 2022 @ 10:30 AM
- Wednesday, June 8, 2022 @ 10:30 AM
- Wednesday, September 14, 2022 @ 10:30 AM
- Wednesday, December 14, 2022 @ 10:30 AM

Mr. Wing presented a performance update, discussing the investment returns of the Retirement Fund. More specifically, Mr. Wing stated that the Retirement Fund had returned 12.6% for the year through December 8th. While recent weakness in the equity markets likely left the return a bit lower as of today's meeting, the Fund was still likely well above the 7.0% actuarial assumed rate of return.

After the discussion, Mr. Wing revisited the annual asset/liability update that Marquette Associates prepares for the Board. He focused on the projected County contributions over the next 10 years. The contributions are projected to decline modestly over the next five years, before dropping notably in 2028. Given strong investment returns over the past several years, Mr. Wing stated that the Board should consider lowering the actuarial assumed rate of return next year, as that would likely leave the 2022 County contribution at a similar, if not slightly lower, level than the one in 2021. This would also smooth the projected negative cash flows from the Fund and decrease the risk that assets would have to be sold at the wrong time (i.e., after they decline) to meet liquidity needs. The Board decided to ask the actuary to prepare estimates of how the County contribution would change if the actuarial assumed rate of return was dropped at 5 basis point increments from 7.0% to 6.75%. The actuary will likely attend the June 2022 Retirement Board meeting and present this information for the Board's consideration.

It was motioned by Commissioner Fabian, seconded by Controller Miller, and carried unanimously to keep the retirement yearly crediting rate at 4.0% based on Mr. Friedlander's assumptions presented at the December 14, 2020 Armstrong County Retirement Board Meeting.

After the discussion, Mr. Wing reviewed discussions held with Nationwide regarding the County's 457(b) Plan, with a focus on participant fees. Nationwide had recently presented two alternate pricing proposals for the County's consideration. Mr. Wing walked through the estimated participant fees, comparing the current fees vs. the two proposals. He estimated that the 2nd proposal could save Plan participants about \$7,500 annually, based on using low-cost index funds in the Plan, along with the Vanguard Target Date Retirement Fund Series.

He then reminded the Board that, if the County entered into a new agreement with Nationwide, the Plan would no longer use the NaCO fund lineup, where Nationwide implements, monitors and changes the lineup as they see fit. Under a new agreement, Nationwide would no longer perform those functions.

At the last meeting, the Board requested a fee quote for Marquette Associates to monitor the fund lineup, if the County decides to move to one of the new pricing proposals. Mr. Wing provided a quote of 0.125% of Plan assets. After considering that additional fee, the Plan participants would still be estimated to save about \$3,400 annually, or about 12% vs. what they're currently paying.

Finally, Mr. Wing reviewed the process of adopting the new pricing proposal and converting the Plan to the new fund lineup. Nationwide would largely lead these efforts, drafting letters for the Plan participants and holding outreach/education meetings—both in person and virtual.

After discussion, a motion was made by Commissioner Renshaw, seconded by Commissioner Fabian and unanimously carried to recommend the County Commissioners approve moving the 457(b) Plan to Nationwide's 2nd Pricing Proposal and to have Marquette Associates monitor the fund lineup and recommend changes, as appropriate.

In a discussion initiated by Controller Miller, it was announced that Marquette Associates, Inc. wanted to make a charitable donation to a charity of the Board's choosing. After much discussion and a phone conversation with Armstrong County Veteran's Affairs Director, Kathy Rashlich, it was motioned by Controller Miller, seconded by Commissioner Myers, and carried unanimously to have Marquette Associates make a charitable donation of \$1,000 to Armstrong County Honor Guard.

It was motioned by Controller Miller, seconded by Commissioner Myers, and carried unanimously to adjourn the December 15, 2021 Retirement Board Meeting at 2:27 PM.

Respectfully submitted,



Myra L. Miller
Secretary/Controller

MLM