



Donald K. Myers, Chairman

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Members:
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Retirement Board
COUNTY OF ARMSTRONG

ARMSTRONG COUNTY RETIREMENT BOARD

Meeting Minutes

July 12, 2023, 10:30 AM

The meeting of the Armstrong County Retirement Board (The Board) was called to order by Commissioner Myers in the Commissioners' Conference Room on Wednesday, July 12, 2023 at 10:30 AM. The following attended, unless marked absent:

Board Members:

Commissioners Donald K. Myers (Chairman), Jason Renshaw (Member) - ABSENT, Pat Fabian (Member), Acting Controller Tammie Gaff (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
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 Treasurer Hiles, and carried unanimously to approve the Minutes of the December 14, 2022 Retirement Board Meeting.

It was motioned by Commissioner Fabian, seconded by Acting Controller Gaff, and carried unanimously to acknowledge the Peirce Park Group/Marquette Associates Cash Flow Summary Reports for 10/31/2022 – 05/31/2023. It was noted that during the same time period there was a net increase in the Combined Asset Market Value of \$3,281,343 (10/31/2022 - \$71,981,564 to 05/31/2023 - \$75,262,907).

It was motioned by Commissioner Fabian, seconded by Acting Controller Gaff, and carried unanimously to acknowledge the Trade Transactions for **NOVEMBER 2022 – MAY 2023**.

It was motioned by Acting Controller Gaff, seconded by Commissioner Fabian, and carried unanimously to acknowledge the Retirement Summary for **DECEMBER 2022 – JUNE 2023**.

It was motioned by Commissioner Fabian, seconded by Treasurer Hiles, and carried unanimously to acknowledge Retirement A/P Bills for **DECEMBER 2022 - \$29,127.61, JANUARY 2023 - \$35,166.22, FEBRUARY 2023 - \$14,292.94, MARCH 2023 - \$526.58, APRIL 2023 - \$46,735.51, MAY 2023 - \$12,574.29, and JUNE 2023 - \$50,835.57.**

It was motioned by Acting Controller Gaff, seconded by Commissioner Fabian, and carried unanimously to acknowledge the retirement yearly crediting rate of 4.0%.

Mr. Wing quickly reviewed performance of the Retirement Fund during 2022. Even though the Retirement Fund's investment return for 2022 was well ahead of the policy index return (-11.2% vs. -12.6%), it was well behind the 7.0% Actuarial Assumed Rate of Return given the poor environment for equities and fixed income. That said, Mr. Wing stressed that some of the changes the Board approved in recent years (adding real estate, infrastructure, and private debt) proved helpful, as these asset classes posted positive returns in 2022 while broad equity and fixed income markets were deeply in the red.

He then continued the investment review, discussing the global economic environment, capital markets and performance of the Retirement Fund in 2023. Notably, markets have been strong during the first six months of the year, recouping some of the losses experienced in 2022. More specifically, the Retirement Fund had a preliminary return of 8.0% through June.

After the discussion, Mr. Wing provided background on the Retirement Fund's asset allocation. He noted that fixed income yields had risen dramatically in 2022. While that generated poor returns for fixed income in 2022, higher yields left a much-improved outlook for the asset class. Given that, Mr. Wing recommended the Board consider an amendment to the Investment Policy Statement, which would formalize the following recommendations:

- Decrease the U.S. Equities target from 42.0% to 40.0%
- Decrease the Non-U.S. Equities target from 21.0% to 20.0%
- Increase the Private Debt target from 5.0% to 6.0%
- Increase the Fixed Income target from 21.5% to 23.0%
- Increase the Cash target from 0.5% to 1.0%

He noted that the proposed asset allocation was a more conservative approach, but still consistent with the long-term 7.0% Actuarial Assumed Rate of Return.

After discussion, a motion was made by Commissioner Fabian, seconded by Acting Controller Gaff, and unanimously carried to approve the investment policy statement amendment, as Mr. Wing had recommended.

Finally, Mr. Wing reviewed a memo outlining a recommendation for the Board to hire Scott+Scott for securities litigation services. Importantly, there would be no cost to the Retirement Fund.

After discussion, the Board asked Mr. Wing to request a sample contract from Scott & Scott as well as request Mr. Donald Broggi attend the next Retirement Board meeting to provide more information around the services.

Mr. Charles Friedlander presented his Actuarial Valuation as of January 1, 2023.

It was motioned by Commissioner Fabian, seconded by Acting Controller Gaff, and carried unanimously to adjourn the July 12, 2023 Retirement Board Meeting at 11:47 AM. The next 2023 Retirement Board Meeting will be in the Commissioners' Conference Room on Wednesday, September 13, 2023 at 10:30 AM, unless otherwise rescheduled and advertised.

Respectfully submitted,



Tammie L. Gaff
Secretary/Acting Controller