

FAYETTE COUNTY RETIREMENT BOARD
Meeting Minutes
Wednesday, February 17, 2021

A meeting of the Retirement Board was held on Wednesday, February 17, 2021 in the Commissioner's Conference Room.

1. **Commissioner Lohr called the meeting to order at 10:15 a.m. via web teams beginning with a silent prayer and the pledge of allegiance.**

2. **Roll Call**

Roll call was taken and the following members were present:

PRESENT: Dave Lohr, Chairman
Scott Dunn, Vice Chair
Scott Abraham, Controller
Debra Apicella, Chief Deputy Treasurer

ABSENT: Vince Vicites, Commissioner

The following were also in attendance during the meeting:

ALSO PRESENT: Sarah Wilson, Marquette Associates
Jack Purcell, Retirement Solicitor

3. **Public Comment on agenda items.**

No public comment.

4. **Consider approval of the Wednesday, November 18, 2020 Retirement Board Meeting minutes.** Motion was made by Controller Abraham and 2nd by Commissioner Dunn to approve the Wednesday, November 18, 2020 Retirement Board Meeting minutes.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Controller Abraham	yes
Chief Deputy Treasurer	yes

MOTION CARRIES UNANIMOUSLY

5. **Ratify the following payments made from November 18, 2020 to February 16, 2021 in the amount of \$1,372,295.71.** Total amount of payments was corrected by Chief Deputy Treasurer, Debra Apicella to \$1,365,867.34. Motion was made by Controller Abraham and 2nd by Commissioner Dunn to ratify the payments made from November 18, 2020 to February 16, 2021 in the amount of \$1,365,867.34.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY

6. **Commissioner Vicites joined the meeting and was recognized by Commissioner Lohr.**

7. **Recognize the Retirement of the following employees:**

Joseph Casteel (FACT)	10 years of service
Vicki Wheeler (Prothonotary)	25 years of service
James Mattia (FACT)	2 years of service
Gayle Trimble (District Court)	33 years of service

The Board would like to thank all the retirees for their service and wishes them the best.

8. **Consider authorizing payment for 4th quarter of 2020 investment counseling services for the period of October 1, 2020 to December 31, 2020 in the amount of \$39,901.92 to Marquette Associates.** Motion was made by Controller Abraham and 2nd by Commissioner Dunn to consider authorizing payment for 4th quarter of 2020 in the amount of \$39,901.92 to Marquette Associates.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY

9. **Consider authorizing payment for 4th quarter of 2020 management fees for the period of October 1, 2020 to December 31, 2020 in the amount \$6,609.64 to Federated Investors, Inc.** Motion was made by Controller Abraham and 2nd by Commissioner Dunn to consider authorizing payment for 4th quarter of 2020 in the amount of \$6,609.64 to Federated Investors, Inc.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY

10. **Consider authorizing payment for 4th quarter of 2020 management fees for the period October 1, 2020 to December 31, 2020 in the amount of \$6,912.88 to GW&K Investment Management.** Motion was made by Controller Abraham and 2nd by Commissioner Dunn to consider authorizing payment for 4th quarter of 2020 in the amount of \$6,912.88 to GW&K Investment Management.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY

11. **Consider authorizing payment for 4th quarter of 2020 custodian fees for the period of October 1, 2020 to December 31, 2020 in the amount of \$7,809.71 to PNC Investments.**

Federated Investors, Inc.	\$ 1,862.94
GW&K Investment Management	\$ 1,097.10
Marquette Mutual Funds	\$ 4,849.67
	\$ 7,809.71

Motion was made by Controller Abraham and 2nd by Commissioner Vicites to consider authorizing payment for the 4th quarter of 2020 custodian fees in the of amount of \$7,809.71 to PNC Investments.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARREIS UNANIMOUSLY

12. **Consider authorizing payment for 3rd quarter of 2020 actuarial services for the period July 1, 2020 to September 30, 2020 in the amount of \$7,194.00 to Korn Ferry Hay Group.** Motion was made by Controller Abraham and 2nd by Commissioner Vicites to consider authorizing payment for 3rd quarter of 2020 actuarial services in the amount of \$7,194.00 to Korn Ferry Hay Group.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY

13. **Marquette Associates presentation on the 4th quarter of 2020 performance of the pension fund.**

Marquette Associates actively has \$252,000,000,000 under advisement with 420 clients and 115 employees.

Market Environment

US Economy

Real GDP has been increasing at an annual rate of 4% and is expected to slow down in the 1st quarter. This will be affected by the stay-at-home orders. Real GDP had a strong 3rd quarter, but 4th quarter was not as strong. Personal savings for those still employed increased after the stimulus payments but started to go down once businesses started opening back up. This economic spending suggests business investments will remain strong and help financial sector. Inventory has been struggling during the pandemic and employers are expecting to hire more employees. Mortgage rates were dropping in 2020 and mortgage applications were increasing. As the new year began mortgage rates were beginning to go back up.

Global Economy

Growth slowed outside the US especially in Europe during the pandemic in December and is starting to come back. Chinese household savings has grown and is expected to result in more disposable income.

US Equity Markets

The 4th quarter ended at 14.7% and year to date at 20.9% so the growth happened in the 4th quarter. International equities are at 16.1%. Core bonds had a .7% return but did 7.5% for the year which is better than expected. Energy companies had a bad 4th quarter but because of storms early this year, oil gas and electricity prices went up so that is expected to rebound. Tech stocks performed consistently well throughout 2020. Stocks are becoming popular with younger people and there is more involvement in the market. Earning expectations went down in 2020 but so far in 2021 they are starting to rebound. More investors are getting out of mutual funds and putting their money into stocks. Banks suffered in 2020 but are in a position to hand out more loans over the next two to three years as the economy starts opening. Five Fortune 500 companies pushed the market to growth in 2020 and the other 495 mainly lost. The companies that grew the most were Apple, Facebook, Google, and Amazon. The oil & gas market will continue to gain profits. Inflation is a factor when it comes to the market but figuring out how to pay for the stimulus will have a larger effect on the market's future. The student loan and mortgage problems during the pandemic will also be felt by the market over the next two to three years. Inflation in the oil and gas industry will affect peoples' overall spending but probably will have a slow effect on the market over the next 12 to 18 months. Municipalities may have a harder time with tax collection as student and mortgage loan payments start becoming due.

Portfolio Overview

Market Value of the Retirement Fund as of December 31, 2020 was at \$89.7 million. The fund returned 9% for the 4th quarter of 2020 and had a net investment gain of \$6.4 million dollars. The fund returned 10.7% for the year of 2020 and had a net investment gain of 7.3%. While the fund was down part of 2020, with the market correction it not only gained back the loss but had a 10.7% gain and since its inception in August 2012 the fund gained \$48.6 million and had an annualized return of 9.2%. The fund is in a very good position right now. Commissioner Lohr expressed thanks to everyone at Marquette for all the hard work they have done.

The Equity Composite returned 14.2% for the 4th quarter of 2020. The U.S. Equity Composite returned 15% for the 4th quarter of 2020. Global Equity Composite returned 10.6% for the 4th quarter of 2020. The Non-U.S. Equity Composite returned 17.1% for 4th quarter of 2020. Year-to-Date Real Estate returned 1.7% versus a benchmark of 1.1%. Fixed Income Composite returned .7% for the 4th quarter of 2020 but for the year returned 7.2% and outperformed the relative benchmark of 6.4%. Very few managers outperformed the benchmark due to covid-19.

On the Non-US Equity Composite, Vanguard was removed and replaced with Fidelity Total International Index and took \$2 million out of there and placed it into Fidelity Merging Markets since there is more potential for expansion.

Defensive Equity had a positive return of 4.6% for the year of 2020. This return is within the expected levels of 4%-5% in the volatile market. This is only 5% of the total portfolio.

Real Estate increased by 1.7% in the 4th quarter. This investment is only 6% of the portfolio. JP Morgan Strategic Property Fund has 164 properties in the investment with 91.9% occupancy rate. Most of these properties have over \$100 million worth. Clarion Investments is more diversified and has a 93% occupancy rate with the majority of properties worth over \$100 million.

14. **Public Comment**

No public comment.

15. **Adjournment**

A motion was by Controller Abraham to adjourn the meeting and 2nd by Chief Deputy Treasurer Apicella at 11:18 a.m.

The vote was:

Commissioner Lohr	yes
Commissioner Dunn	yes
Commissioner Vicites	yes
Controller Abraham	yes
Chief Deputy Treasurer Apicella	yes

MOTION CARRIES UNANIMOUSLY