

FAYETTE COUNTY RETIREMENT BOARD

Meeting Minutes

May 6, 2015

A meeting of the Retirement Board was held on Wednesday, May 6, 2015 in the Commissioner's Conference Room.

Commissioner Zapotosky called the meeting to order at 9:30 a.m.

1. **Roll Call**

Roll call was taken and the following members were present:

PRESENT: Vincent Zapotosky, Chairman
Angela Zimmerlink, Vice Chair (arrived 9:32 a.m.)
Nancy Wilson, Treasurer
Jeanine Wrona, Secretary

ABSENT: Alfred Ambrosini, Commissioner

The following were also in attendance during the meeting:

ALSO PRESENT: Sarah Wilson, Peirce Park Group
Hank Stiehl, Hay Group
David Reichert, Hay Group
Carol Guman
Debora Apicella, Deputy Treasurer
William Prinkey
Michael Hicks

2. **Public Comment on agenda items**

Let the record reflect there was no public comment.

3. **Consider approval of the minutes from May 6, 2015 the meeting.** Moved by Acting Controller Wrona and 2nd by Commissioner Zapotosky to approve the May 6, 2015 minutes.

The vote was:

| | |
|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY.

4. **Ratify the following payments made from February 5, 2015 to April 30, 2015 in the amount of \$896,839.39.** Moved by Commissioner Zapotosky and 2nd by Acting Controller Wrona to ratify the payments in the amount of \$896,839.39.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY.

5. **Authorize payment for 1st quarter of 2015 the investment counseling services for the period of January 1, 2015 to March 31, 2015 in the amount of \$31,502.87 to Peirce Park Group.**

Moved by Acting Controller Wrona and 2nd by Treasurer Wilson to authorize payment in the amount of \$31,502.87 to Peirce Park Group.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

6. **Authorize payment for 1st quarter of 2015 the management fees for the period of January 1, 2015 to March 31, 2015 in the amount of \$7,115.31 to Federated Investors, Inc.**

Moved by Acting Controller Wrona and 2nd by Treasurer Wilson to authorize payment in the amount of \$7,115.31 to Federated Investors, Inc.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

7. **Authorize payment for 1st quarter of 2015 the management fees for the period of January 1, 2015 to March 31, 2015 in the amount of \$5,221.03 to GW&K Investment Management.**

Moved by Acting Controller Wrona and 2nd by Treasurer Wilson to authorize payment in the \$5,221.03 to GW&K Investment Management.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

8. **Authorize payment for 2nd quarter of 2015 actuarial fees for period of April 1, 2015 to June 30, 2015 in the amount of \$6,750.00 to the Hay Group.**

Moved by Acting Controller Wrona and 2nd by Treasurer Wilson to authorize payment in the \$6,750.00 to the Hay Group.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

9. **Authorize payment for the 1st quarter of 2015 for the custodian fees for the period of January 1, 2015 to March 31, 2015 in the amount \$8,779.94.**

| | |
|----------------------------|--------------------|
| Federated Investors, Inc. | \$ 1,540.10 |
| GW&K Investment Management | \$ 559.82 |
| Peirce Park Mutual Fund | <u>\$ 6,680.02</u> |
| | \$ 8,779.94 |

Moved by Acting Controller Wrona and 2nd by Treasurer Wilson to authorize payment for \$8,779.94 to PNC Investments.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

10. **Presentation by the Hay Group.**

Hank Stiehl, with the Hay Group explained the two different actuarial valuations, which are prepared for the Retirement Board to determine the funding requirement required by County Pension Law. There will be a separate valuation and report for disclosure of information in accordance with GASB 67 and 68 statements.

The Hay Group recommends that the County change from 1983 Group Annuity Mortality Table to the RP 2013 Annuitant Mortality Table for actuarial equivalence. This change is needed to bring the County up to date with the changes in life expectancy. The timeline for the change was discussed as it may increase or decrease Employee Pensions depending on which option is chosen.

Commissioner Zimmerlink made the motion and Acting Controller Wrona 2nd the motion effective July 1, 2015, Hay Group, as actuary of the plan, is updating the mortality table used for actuarial equivalence from the 1983 Group Annuity Mortality Table to the RP 2013 Annuitant Mortality Table.

The vote was:

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|-------------------------|-----|
| Commissioner Zapotosky | yes |
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY

Let the record reflect Commissioner Zapotosky left at 9:52 p.m.

A plan document needs to be filed with the IRS for the County. Government plans were given the option to file during the either the first Cycle C or Cycle E. Currently, the County is on Cycle E, which typically lasts 5 years. A plan document will be available for the County to approve by the end of the year.

The Hay Group would has offered to hold a meeting to discuss the Employees Retirement Plan with Employees covered by the Plan. This meeting is the first time offered and will help

familiarize Employees with the plan and their benefits. Meeting will be scheduled in the near future.

The Hay Group has a Retirement Estimator software that is available to the Counties they represent. They are willing to give it to Fayette County for a trial period. If the County would like to purchase the software the cost is an initial one time charge of \$7,500 with a \$750 maintenance fee per year. These fees can be paid out of the Retirement Fund. The Board is interested in testing the software.

11. **Peirce Park Presentation on the 1st quarter of 2015 performance of the Pension Fund.**

The Fund returned 2.2% for the 1st quarter of 2015 with a gain of \$1.3 million, for the last 12 months ending March 31, 2015, the Fund returned 7.5% with a gain of \$4.5 million. The Fund as of March 31, 2015 is at \$67,340,998.90.

After rebalancing the portfolio on April 1, 2015 changes were made to the fixed income. The following Funds were added to the Fixed Income; Fidelity Spartan Intermediate Treasury Bond, BlackRock Low Duration Bond, and Lord Abbett Short Duration Income. Vanguard Total Bond Market Index and Vanguard Short-Term Bond Index were terminated from the portfolio. Federated Short-Intermediate Total Return Bond remain in the portfolio. Small Cap Equity added Vanguard Small Cap Value Index and terminated Target Small Cap Value.

Sarah Wilson gave a due diligence update on Thornburg Investment Management as of March 30, 2015. Thornburg Investment Management is one of the global funds in the County's portfolio. The firm assets declined from \$94.4 billion to \$68.1 billion. This decline came from outflow from International Value Fund. The reasons for outflow was they restructured the International Value portfolio management team and underperformed in 2013 and early 2014. Since April 2014, the Fund has done well, but Peirce Park is still keeping them on watch.

Peirce Park will do an Investment Policy Statement Review for next quarter. The Board needs to decide a couple dates so that Peirce Park can bring in Core Real Estate Managers for presentations.

12. **Public Comment**

Let the record reflect there was no public comment.

13. **Adjournment**

Acting Controller Wrona made a motion and Treasurer Wilson 2nd the motion to adjourn the meeting at 10:32 a.m.

The vote was:

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|-------------------------|-----|
| Commissioner Zimmerlink | yes |
| Treasurer Wilson | yes |
| Acting Controller Wrona | yes |

MOTION CARRIES UNANIMOUSLY