

FAYETTE COUNTY RETIREMENT BOARD

Meeting Minutes

August 13, 2014

A meeting of the Retirement Board was held on Wednesday, August 13, 2014 in the conference room of the Commissioner's Office.

Commissioner Zapotosky called the meeting to order at 9:32 a.m.

1. **Roll Call**

Roll call was taken and the following members were present:

PRESENT: Alfred Ambrosini, Chairman Arrived 9:36 a.m.
Vincent Zapotosky, Commissioner
Angela Zimmerlink, Commissioner Arrived 9:40 a.m.
Nancy Wilson
Joyce Barnett

The following were also in attendance during the meeting:

ALSO PRESENT: Carol Guman, Account Clerk III
Chuck Friedlander, Municipal Finance Partners
Sarah Wilson, Peirce Park Group

2. **Public Comment on agenda items**

Let the record reflect there was no public comment.

3. **Consider approval of the minutes from the May 7, 2014 meeting.** Moved by Commissioner Zapotosky 2nd by Treasurer Wilson to approve the May 7, 2014 minutes.

The vote was:

Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

4. **Ratify the following payments made from May 7, 2014 to August 1, 2014 in the amount of \$926,503.57.** Moved by Commissioner Zapotosky 2nd by Deputy Controller Barnett to ratify the following payments made from May 7, 2014 to August 1, 2014 in the amount of \$926,503.57.

The vote was:

Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

5. **Recognize the retirement of the following employees;**

Laurie Lint – 20.7 years of service	05/10/14
Mabel Barber – 7.1 years of service	05/27/14
Jonetta Hillard – 12.9 years of service	06/16/14
Jani DiMarco – 20 years of service	07/12/14

6. **Peirce Park Presentation on the 2nd quarter of 2014 performance of the Pension**

Fund. The Fund has returned 3.2% for the 2nd quarter of 2014, 4.7% for the year-to-date, and for the trailing 12 months returned 16.2%. As of June 30, 2014, the Fund is at \$65.8 million. Fixed income outperformed the benchmark of 1.2% with a 1.5% return with a year-to-date of 2.9% versus the benchmark of 2.3%.

The domestic equity underperformed the benchmark. GW&K SMID has been underperforming this year and for the last trailing 12 months. One of the reasons GW&K SMID underperformed was a shift in growth to value. Peirce Park compares other managers in the same sector to see how well the managers are performing. Peirce Park analysts have spoken to GW&K and decided to put them on watch.

The global equity has outperformed the benchmark of 5% with a return of 9.9% for the 2nd quarter of 2014. The year-to-date is at 14.7% versus the benchmark of 6.2%. Looking ahead, Peirce Park would like to reposition the international portfolios and talk about making some asset allocation changes.

Sarah Wilson spoke about cash management and whether the County wanted to change taking out cash from a quarterly basis to monthly or every other month. She would not recommend leaving cash in on a yearly basis.

7. **Authorize payment for the 2nd quarter of 2014 investment counseling services for the period of April 1, 2014 to June 30, 2014 in the amount of \$30,958.71 to Peirce Park Group.**

Moved by Commissioner Zapotosky and 2nd by Deputy Controller Barnett to authorize payment in the amount of \$30,958.71 to Peirce Park Group.

The vote was:

Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

8. **Authorize payment for the 2nd quarter of 2014 actuarial services provided for the Fayette County Employees' Retirement System in the amount of \$6,250.00 to Municipal Finance Partners.**

Moved by Commissioner Zapotosky and 2nd by Treasurer Wilson to authorize payment in the amount of \$6,250.00 to Municipal Finance Partners.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

9. **Authorize payment for the 2nd quarter of 2014 advisory fees for the period of April 1, 2014 to June 30, 2014 in the amount of \$7,360.34 to Federated Investors, Inc.** Moved by Commissioner Zapotosky and 2nd by Deputy Controller Barnett to authorize payment in the amount of \$7,360.34 to Federated Investors, Inc.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

10. **Authorize payment for the 2nd quarter of 2014 management fees for the period of April 1, 2014 to June 30, 2014 in the amount of \$7,808.77 to GW&K Investment Management.** Moved by Commissioner Zapotosky and 2nd by Treasurer Wilson to authorize payment in the amount of \$7,808.77 to GW&K Investment Management.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

11. **Authorize payment for the 2nd quarter of 2014 for the custodian fees for the period of April 1, 2014 to June 30, 2014 to PNC in the following amounts:**

Federated Investors, Inc.	\$ 1,592.34
GW&K Investment Management	\$ 775.38
Peirce Park Mutual Fund	\$ 6,230.70

Moved by Commissioner Zapotosky and 2nd by Deputy Controller Barnett to authorize payment in the following amounts listed above.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zapotosky	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.

12. **Closing Agreement signed by the Internal Revenue Service on final determination covering specific matters.** Any decision will be tabled till next meeting for members to review all the information.

13. **Presentation of Actuarial Report by Chuck Friedlander.**

- 2014 annual required contribution – a slight increase from \$1,722,251 in 2013 to \$1,740,335 for 2014.
- Fund performance – market versus actuarial. The Fund earned 17.27% on market value basis, an increase from \$55,834,314 at 12/31/12 to \$64,051,120 at 12/31/13. The actuarial value was 12.6% a return of \$58,931,129. Actuarial asset gain was \$2.73 million.

- Plan membership – The active members total prior to 2007, which includes vested former members. This membership continues to increase each year due to various reasons such as members' life expectancy.
- Liabilities – Plan liabilities are paid benefits to members. Unfunded actuarial accrued liabilities are part of not funding the ARC.
- GASB 67 & 68 – Will go into effect for 2014 fiscal year for plan disclosures and 2015 fiscal year for employer disclosures. The net pension liability will be included in the balance sheet with lengthy disclosures.
- Experience study – The study reviews the interest rate, salary scale, morality, turnover, disability, and retirement rates. The experience studies are the basis for assumptions set. This study is required by Act 96 which states that the County should periodically study the morality of interest of the County.
- Actuarial equivalence – The actuarial equivalence is used to determine the many different optional forms of benefit payments a member can choose from and if the member wants to take an early retirement.

Recommended course of action is to choose the most appropriate mortality table, review the impact on sample participants, plan liabilities, an implementation schedule, and to communicate to plan members and potential retirees. Chuck will prepare proposals in the next week or so for the Board to review. He would like to get the study done so implementation could take place by the end of 2015.

14. **Public Comment**

Let the record reflect there was no public comment.

15. **Adjournment**

Moved by Treasurer Wilson and 2nd by Deputy Controller Barnett to adjourn the meeting at 11:13 a.m.

The vote was:

Commissioner Ambrosini	yes
Commissioner Zapotosky	yes
Commissioner Zimmerlink	yes
Treasurer Wilson	yes
Deputy Controller Barnett	yes

MOTION CARRIES UNANIMOUSLY.