

FAYETTE COUNTY RETIREMENT BOARD
Meeting Minutes
June 1, 2016

A meeting of the Retirement Board was held on Wednesday, June 1, 2016 in the Commissioner's Conference Room.

Commissioner Zimmerlink call the meeting to order at 9:33 a.m.

1. **Roll Call**

Roll call was taken and the following members were present:

PRESENT: Vince Vicites, Chairman **9:34 a.m. arrived**
Angela Zimmerlink, Vice Chair
Dave Lohr, Commissioner
Nancy Wilson, Treasurer
Scott Abraham, Controller

The following were also in attendance during the meeting:

ALSO PRESENT: Sarah Wilson, Peirce Park Group
Debora Apicella, Deputy Treasurer
Carol Guman
Mike Hicks
Mike Strickler

2. **Public Comment on agenda items**

Let the record there was no public comment on agenda items.

3. **Consider approval of the minutes from April 6, 2016 the meeting.** A motion was made by Commissioner Zimmerlink and 2nd by Commissioner Lohr to approve the April 6, 2016 meeting minutes.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

4. **Ratify the following payments made from April 1, 2016 to May 26, 2016 in the amount of \$504,057.53.** A motion was made by Controller Abraham to ratify the following payments made from April 1, 2016 to May 26, 2016 in the amount of \$504,057.53 as listed on the agenda. Commissioner Lohr 2nd the motion.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes

Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

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

Barry Blaine	11 years of services
Rose Leddone-Kern	37 years of services
Marlene Koslasky	30 years of services

A motion was made by Treasurer Wilson to recognize the following employees listed on the agenda. Controller Abraham 2nd the motion.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

6. **Consider to authorize payment for the 1st quarter of 2016 investment counseling services for the period of January 1, 2016 to March 31, 2016 in the amount of \$30,545.56 to Peirce Park Group.** A motion was made by Treasurer Wilson and 2nd by Commissioner Lohr to authorize payment to Peirce Park Group in the amount of \$30,545.56 for 1st quarter of 2016 investment counseling services.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

7. **Consider to authorize payment for the 1st quarter of 2016 management fees for the period of January 1, 2016 to March 31, 2016 in the amount of \$6,030.03 to Federated Investors, Inc.** A motion was made by Commissioner Lohr and 2nd by Treasurer Wilson to authorize payment to Federated Investments in the amount of \$6,030.03 for 1st quarter of 2016 management fees.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

8. **Consider to authorize payment for the 1st quarter of 2016 management fees for the period of January 1, 2016 to March 31, 2016 in the amount of \$5,045.54 to GW&K**

Investment Management. A motion was made by Commissioner Lohr and 2nd by Treasurer Wilson to authorize payment to GW&K Investment Management in the amount of \$5,045.54 for 1st quarter of 2016 management fees.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

9. **Consider to authorize payment for 1st quarter of 2016 actuarial fees for the period of January 1, 2016 to March 31, 2016 in the amount of \$6,885.00 to the Korn Ferry Hay Group, Inc.** A motion was made by Treasurer Wilson and 2nd by Commissioner Lohr to authorize payment to Korn Ferry Hay Group, Inc. in the amount of \$6,885.00 for actuarial fees.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

10. **Consider to authorize payment for the plan document determination letter update in the amount of \$2,000.00 to Korn Ferry Hay Group Inc.** A motion was made by Commissioner Lohr 2nd by Controller Abraham to authorize payment to Korn Ferry Hay Group, Inc. in the amount of \$2,000.00 for plan document determination letter update.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

11. **Consider to authorize payment for the 1st quarter of 2016 custodian fees for the period of January 1, 2016 to March 31, 2016 to PNC Investments in the \$8,461.85.**

Federated Investors, Inc.	\$ 1,337.01
GW&K Investment Management	\$ 545.12
Peirce Park Mutual Funds	<u>\$ 6,579.72</u>
	\$ 8,461.85

A motion was made by Commissioner Lohr 2nd by Treasurer Wilson to authorize payment to PNC Investments in the amount of \$8,461.85 for custodian fees.

The vote was:

Commissioner Vicites	yes
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Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.

12. **Peirce Park Presentation on the 1st quarter of 2016 performance of the Pension Fund.**

Domestic Economy continued to decelerate in the first quarter, with weaker than expected consumer spending as the primary cause of the sluggish growth. Business investment, meanwhile, has also weakened. Amid tightening in financial conditions, some businesses put a hold on new orders and spending.

The Global Economy is projected to grow by 3.4% in 2016. Many developed central banks have attempted further stimulus measures in the first quarter, some are moving short-term interest rates into negative territory.

Equities experienced a sharp decline at the start of the year, with global stocks down 6.8% at the end of January. Global central banks led to sharp reversal in investor sentiment and strong gains in the second half of the first quarter.

The first quarter of 2016 the Fund returned 1.5% with a gain of \$907,436. Since August 1, 2012 the Fund has returned 8.5% and had a gain of \$17.1 million. The total Fund as of March 31, 2016 is \$64,788,162. Domestic Equity portion of the Fund outperformed for the quarter 1.4% gain. The outperformers for the quarter was American Funds Washington Mutual and GW&K SMID Cap Equity. International managers underperformed for the quarter with a return of -1.3%. There were so changes in the portfolio in the first quarter of 2016, Vontobel Global Equity replaced T. Rowe Price Blue Chip Growth.

Institutions have invested in commercial real estate since the 1970s. There are variety of ways to gain exposure such as direct vs. indirect, public vs private, and debt vs. equity. The County would invest through direct investment in individual commercial properties or investment in diversified commingled funds. There are three strategy types of real estate core, value add, and opportunistic.

Core real estate investments are made in stable and well-maintained properties located in major metropolitan areas with high occupancy rates and high quality tenants. Property types include office, industrial, retail and multi-family apartments. Total return is comprised of mostly income with some capital appreciation potential. Historical returns 8-9%, before fees, with fees of about 1% on average. Expected returns should be about 150 basis points lower than historic average with 4-6% return. Why core real estate? There are number of reasons stability of returns, attractive risk-adjusted returns, diversification benefits, and inflation protection.

13. **Public Comment**

Mike Hicks a corrections officer with the county for 27 years, suggested to the Board about restructuring the work force with a Pension buyout for the County. Chuck Friedlander from Municipal Finance Partners gave a presentation in the fall of 2014 regarding examples of Retirement options for Retirees. An experience study was discussed, but was never actually was done due to an actuary change.

14. **Adjournment**

A motion to adjourn at 10:49 a.m. was made by Commissioner Lohr and 2nd by Treasurer Wilson.

The vote was:

Commissioner Vicites	yes
Commissioner Zimmerlink	yes
Commissioner Lohr	yes
Controller Abraham	yes
Treasurer Wilson	yes

MOTION CARRIES UNANIMOUSLY.