



# BLAIR COUNTY RETIREMENT BOARD

c/o Blair County Controller, 423 Allegheny St., Ste 141 Hollidaysburg, PA 16648

## Blair County Retirement Board Meeting

April 9, 2020 at 9:30 AM

By Conference Call

**Board Members in Attendance:**

Commissioner Laura Burke, Treasurer James Carothers, Commissioner Bruce Erb, Controller A. C. Stickel, Commissioner Amy Webster

**Non-Board Members in Attendance:**

Nicole Hemminger, Roberta Pucciarella, Pat Wing, Marquette Associates

**Board Members not in Attendance:** None

**Media in Attendance:** Kay Stephens, Altoona Mirror

**Quorum:** Present

---

**Call to Order:** Commissioner Erb called the meeting to order at 9:30 a.m.

Commissioner Erb explained the ground rules for today's teleconference. Only voting members of the Retirement Board may leave their telephones unmuted during the entire meeting, but we would request each avoids excess noise from your location. All other participants should mute their telephones until called upon to speak. Public participants may speak only during the designated public comment period near the beginning of the meeting and must keep their phones muted during the rest of the meeting. Each person needs to avoid interrupting the person speaking. Each speaker MUST state his/her name before talking each time he/she speaks so others will know who is speaking and to ensure minutes will be accurate.

**Call for Public Comment:** Commissioner Erb called for public comment on Retirement Board Agenda items. There were no comments.

**Approval of Minutes:** A motion was made by Treasurer Carothers and seconded by Commissioner Burke to approve the minutes from the March 12, 2020 Retirement Board Meeting. The motion was unanimously carried.

**Fixed Income Proposal:** Pat Wing from Marquette Associates presented a fixed income proposal for the Board's consideration. Mr. Wing noted that the current fixed income investments represent a low-cost, conservative approach to the asset class. The structure has historically provided downside protection and continued to do so in the first quarter, when equity markets declined notably. Now, however, the return outlook for a conservative approach within fixed income has become subdued given the decline in interest rates. Given that, Mr. Wing provided a brief overview of high-yield bonds, which are a more speculative part of the fixed income market, tending to behave as a hybrid between core bonds and equities. High-yield bonds declined in sympathy with equity markets during the first quarter, leaving them at valuations that have historically proven to be an opportune time for an investment in the space. More specifically, high-yield bonds have outperformed core bonds by an average of 6% on an annual basis over the subsequent five years when valuations have been similar

Meeting of April 9, 2020 continued. . .

to where they are today. Based on that, Mr. Wing recommended the Board approve a 3% allocation to high-yield bonds within the Retirement Fund's fixed income allocation.

After discussion by the Board, a motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve a 3% allocation to high-yield bonds.

Mr. Wing then presented two investment manager options for the Board to consider—Federated Hermes and Symphony. He differentiated the two managers along the following lines: 1) Federated Hermes high-yield fund focuses exclusively on high-yield bonds, while the Symphony fund has a more flexible mandate, allowing them to invest up to 30% in bank loans, which are similar to high-yield bonds but are a different area of the fixed income market; 2) Federated Hermes is a more conservative manager within the high-yield space as compared to Symphony; and 3) the fees for the Federated Hermes mutual fund are 0.49% vs. 0.65% for the Symphony mutual fund.

After discussion by the Board, a motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve Federated Hermes as the high-yield bond investment manager.

**Rebalancing Discussion:** Mr. Wing then presented a rebalancing proposal to the Board to implement the allocation to high-yield bonds, which included a redemption of \$550,000 from the Vanguard Intermediate-Treasury Fund, a redemption \$325,000 from the Vanguard Short-Term Corporate Bond Index Fund of and a purchase of \$875,000 of the Federated Hermes Institutional High Yield Bond Fund.

After discussion by the Board, a motion was made by Commissioner Webster, seconded by Controller Stickel, and unanimously carried to approve the proposed rebalancing.

**Monthly Financial Report:** Controller Stickel provided the financial report for March for the information of the board. Controller Stickel reported that the \$375,000 contribution was made in April 2020 so there are no liquidity needs for April retirement payments.

**Applications for Membership and Refunds Payments:** A motion was made by Controller Stickel and seconded by Commissioner Burke that the applications for membership and refunds payments be accepted as set forth in the agenda. The motions was unanimously carried.

There were no Retirements or Rollovers.

**Administrative Fees:** There were no administrative fees.

**Litigation Checks:** There were no litigation checks.

Totals for the Monthly Retirement Distribution for 2020 were set forth in the agenda for the information of the board.

Contributions made to the Retirement Fund in 2020 were set forth in the agenda for the information of the board.

**Adjournment:** There being no more business to discuss, the meeting was adjourned at 9:55 a.m.

Meeting of April 9, 2020 continued. . .

**The next regular meeting of the Retirement Board will be held on May 14, 2020  
at 9:30 a.m. in the Commissioner's Meeting Room.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "August C. Stickel IV". The signature is fluid and cursive, with a prominent loop at the end.

August C. Stickel IV  
Secretary