**Board Members in Attendance:** Commissioner Bruce Erb, Commissioner Laura Burke, Treasurer Jim Carothers, Controller A.C. Stickel, Commissioner Amy Webster

**Board Members not in Attendance:**

NONE

**Quorum:** Present

**Non-Board Members in Attendance:**

Nicole Hemminger, Allison Senkevich, Stephan Georgacopoulos; Pension Technology Group, Patrick Wing; Marquette Associates

**Media in Attendance:**

Kay Stephens-Altoona Mirror

**Call to Order:** Commissioner Bruce Erb called the meeting to order at 9:00 a.m.

The roll was called by Tracy Miller.

**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 Controller Stickel and seconded by Commissioner Burke to approve the minutes from the December 1, 2021 Retirement Board Meeting. The motion was unanimously carried.

**Pension Technology Group:**

**Retirement Software Presentation:** Stephan Georgacopoulos presented the Board with a proposed Project Fees/Contract to electronically track and store retirement contributions and interest that is currently being tracked manually on index cards and in Microsoft Excel. This would be a scaled-down version of the software they currently offer with the option to add on functions in the future. The software would calculate interest and generate annual statements.

Controller Stickel specified the contract does state $10,000.00 per year for 10 years. He also stated he wanted to include some more specific language in the contract; a better narrative of what the system would do. Controller Stickel asked Mr. Georgacopoulos to write a new contract to be reviewed by The Retirement Board and then presented to The Board of Commissioners.

**Marquette Associates:**

**Overview of Inflation Considerations:** In a continuation of discussions held throughout 2021 regarding inflation, Mr. Wing provided an over of inflation’s impact on markets and proposals for the Board’s consideration regarding the Fund’s exposure to inflation-sensitive asset classes.

First, he reviewed the concept of portfolio construction, discussing roles that various asset classes are intended to perform within the Fund, including growth and protection against periods when growth assets perform poorly. More specifically, those periods tend to occur amid deflation and inflation.

Then, he provided data and analysis around which asset classes have the highest sensitivity to inflation and their respective long-term risk and return characteristics. Following that, he reviewed the current outlook for these asset classes, noting that TIPS are expensive, while the outlook Commodities and Natural Resource Equities were more attractive, given the recent underperformance by both asset classes and the lack of recent capital expenditures by natural resource companies.

At the end of his review, Mr. Wing recommended the Board consider:

* Moving funds from High Yield into Private Credit, which would lower interest-rate risk
* Consider raising the cash target, sourced from fixed income, which would lower interest-rate risk as well
* Consider diversifying the Global Listed Infrastructure asset class into a Listed Real Assets bucket

While this would have a minimal impact on the base-case return and risk outlook for the Fund, he presented analysis that the illustrated benefits of making these changes amid an environment of rising interest rates, which is typically accompanied by high/rising inflation

At the end of the discussion, the Board requested Mr. Wing draft an amendment to the Investment Policy Statement for review at the February Retirement Board meeting and prepare a Listed Natural Resources Manager search to be covered at an upcoming meeting. Mr. Wing will also provide an overview of the Fund’s international equity allocation at an upcoming meeting as well.

**Rebalancing Proposal:** The Controller’s Office has determined that $130,000 is needed from the Fund to meet January distribution payments. Mr. Wing presented a rebalancing option to the Board that proposed a redemption of $85,000 from the Vanguard Total Stock Market Index Fund and a redemption of $45,000 of the Nuveen Global Infrastructure Fund to meet the cash needs. As a follow up to his earlier presentation, he also recommended a $425,000 redemption from the Federated Hermes High Yield Bond Fund, moving those assets to the Partners Group Private Credit Strategy.

This would accomplish multiple goals. First, the rebalancing would keep the Fund’s asset allocation close to the targets as set forth in the Investment Policy Statement. Second, it would raise the necessary liquidity to meet January distribution payments. Finally, it would change the relative allocations within the Fund’s High Yield/Private Credit asset class in order to provide more protection against inflation and rising interest rates.

After discussion by the Board, a motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve the proposed rebalancing Pat Wing from Marquette Associates presented.

**Applications for Membership, Retirements, Refunds, and Rollover Payments**: A motion was made by Controller Stickel and seconded by Treasurer Carothers that the applications for membership, retirements, refunds and rollover payments be accepted as set forth in the agenda. The motion was unanimously carried.

**Administrative Fees**: A motion was made by Controller Stickel and seconded by Treasurer Carothers that the administrative fees be accepted as set forth in the agenda. The motion was unanimously carried.

**Litigation Checks**: No litigation checks received this month.

**Monthly Financial Report**: Controller Stickel provided the November 2021 financial report for the information of the board.

Totals for the Monthly Retirement Distribution for 2021 were set forth in the agenda for the information of the board.

Contributions made to the Retirement Fund in 2021 were set forth in the agenda for the information of the board.

Commissioner Erb addressed the Cost of Living Adjustment for Retirees. The County is legally unable to approve a Cost of Living Adjustment. The Retirement Fund needs to be 80% funded to approve an adjustment. We are currently at 34.14% funded.

**Adjournment:** There being no more business to discuss, the meeting was adjourned at 10:10 a.m.

**The next regular meeting of the Retirement Board will be held on February 2, 2022**

**at 9:00 a.m. in Commissioners’ Public Meeting Room.**

Respectfully Submitted,



August C. Stickel IV

Secretary