

Retirement Board Meeting  
November 4, 2024

Present:	Commissioner	Scott Hunt Keith Rager Thomas Chernisky
	Controller	Ed Cernic Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky

Pledge of Allegiance

Commissioner Hunt called the meeting to order at 10:00 a.m.

Motion was made by Keith Rager to approve the minutes from the Retirement Board meeting held on October 10, 2024. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Public Comments: None

Ed Cernic reviewed the retirement summary. There are currently 1,164 retirees as of November 1, 2024. October's retirement payroll was \$1,422,378.32.

Thomas Chernisky arrived at 10:04 a.m.

Michael Stem from AmeriServ attended the meeting. Michael Stem presented the Board with the market value of the investments as of November 1, 2024. The market value was \$261,172,802.91. Ed Cernic questioned Pat Wing about the cash balance in C.S. McKee and Kayne Anderson Rudnick (KAR). Pat advised that he would follow up with C.S. McKee to see why their balance was so high. Jason Pomatto from KAR answered in regard to their balance. KAR is currently purchasing security in the healthcare space. Motion was made by Ed Cernic to accept the AmeriServ report. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

Pat Wing, Marquette Associates gave a quick overview of the market environment. U.S. economic growth remained solid in the third quarter, with economists forecasting the real GDP increased at an annual rate of 2.8%. An acceleration in consumer spending, along with a large contribution of net exports, drove continued economic strength to start the back half of 2024. Pat reviewed the Global Asset Class Performance. Global equities rallied in the third quarter, marking the fourth consecutive quarter of gains amid solid economic and earnings data. U.S. equities slightly lagged developed non-U.S. and emerging markets. Emerging markets benefited from a late quarter surge in Chinese equities. Fixed income markets also had strong gains. Pat advised the Board that the market value as of September 30, 2024 was \$263.1 million. The net investment change for the third quarter was \$12.4 million and the portfolio returned 4.9% vs. the policy index of 4.8% net of fees. The positive attributions for the quarter were the domestic equity structure, outperformance by KAR, Vanguard International Growth and IFM. The negative attributions for the quarter were from underperformance by Emerald, Schroeder and active fixed managers particularly FNB. FNB returned 3.5% vs. the benchmark of 4.2% and is in the 98<sup>th</sup> percentile. Year to date returns for FNB were 4.1% vs. 4.7 in the 99<sup>th</sup> percentile and one-year returns were 8.3% vs. 9.4% in the 98<sup>th</sup> percentile. Based on the performance, Marquette recommends putting them on watch.

- Motion was made by Ed Cernic at the recommendation of Marquette Associates to put FNB on watch due to their performance. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0

Pat then reviewed the 2024 Pennsylvania County Pension Plan Report Seventeenth Edition with the Board. Of the 62 eligible PA counties 51 participated. The PA County Pension Plan report provides an opportunity to compare aspects of the county's pension plan and fund in relation to those of other PA counties. Cambria County's Fund still remains one of the best in the state.

Pat provided a rebalancing proposal to the Board. Based on FNB's poor performance, Marquette recommends liquidating \$4 million from FNB and liquidating \$120,000 from cash; move \$2,120,000.00 to C.S. McKee and \$2,000,000.00 to Baird.

- Motion was made by Ed Cernic at the recommendation of Marquette Associates to rebalance as follows: liquidating \$4 million from FNB and liquidating \$120,000 from cash; move \$2,120,000.00 to C.S. McKee and \$2,000,000.00 to Baird. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Jason Pomatto, Senior Client Portfolio Manager from Kayne Anderson Rudnick (KAR) presented to the Board. KAR was founded in 1984 and is located in Los Angeles, CA. KAR has \$69.8 billion assets under management. KAR's investment believes that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle. The Board invested with KAR almost five years ago on January 7, 2020. The return since inception is 10.59% vs. the benchmark of 8.08%. The quarter to date returns are 11.13% vs. 10.15%.

- Motion was made by Keith Rager to accept Marquette Associates and Kayne Anderson Rudnick reports. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Old Business:

1. After reviewing the numbers and cost of a 2025 COLA increase, motion was made by Ed Cernic to not approve a COLA for 2025. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

New Business:

1. Motion was made by Ed Cernic to set the interest credit for 2025 to 4.75% Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 5-0.
2. Due to increase in retirement benefits, motion was made by Ed Cernic to increase the monthly distribution from C.S. McKee to \$1m effective January 1, 2025. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
3. Scheduling of the quarterly Board meetings will begin soon. Dana will work with Pat Wing and the Board for the 2025 dates.
4. Discussion was held by the Board in regards to increasing the County Contribution percentage to the Retirement Fund. Currently, the general fund is contributing 13% of payroll. Per the past Actuary CBIZ, a contribution schedule was set up as follows: effective January 1, 2025-13.25%; July 1, 2025 - 13.50%. The current Actuary, Korn Ferry provided the Board with the estimated actuarially determined contribution for 2026 as 15.87%. In an effort to get more inline with the 2026 estimate, the Board needs to decide if they would like to make an increase to the percentages set by the prior Actuary to Fund the Retirement beginning January 1, 2025.
5. Discussion was held by the Board in regards to changing the mortality table. Currently the plan uses the 1983 Group Annuity Mortality table. The recommended update from Korn Ferry is to change to the RP 2013 Annuitant Mortality Table to better align with current mortality expectations. The change to the mortality table will affect the present value of the member's benefit and the amounts for the optional forms of payment. Numerous estimates at various ages, various accumulated deduction totals and various types of retirement were run. The results are that most amounts are increasing. For every member, the present value of the benefit will increase. This is since people are expected to live longer (the member is expected to receive more monthly payments.) The Controller's office would like this change to be in effect for January 1, 2026, to allow 2025 for educating members of the change.
  - Motion was made by Keith Rager to table this discussion on increasing the County Contribution percentage and Mortality Table until the next meeting which will be held December 5, 2024. Motion was seconded by Lisa Kozorosky. Motion carried. Vote 4-1. Ed Cernic voted no.
6. There was an Ironsides Distribution received on November 1, 2024 in the amount of \$118,881.11. This distribution was from the Ironsides Annex Fund.
7. Motion was made by Ed Cernic to ratify the action taken by the Commissioner's office at the recommendation of the Controller's office on the following retirees: Kathleen Benko and Jennifer Vargo. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

The next Retirement Board meeting will be held on Thursday, December 5, 2024 immediately following the 10:00 a.m. Commissioner's Meeting in the Jury room.

Motion was made to adjourn the meeting by Keith Rager. Meeting adjourned at 11:35 a.m.

  
\_\_\_\_\_  
Ed Cernic, Jr.