THE COUNTY OF CHESTER

COMMISSIONERS
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RETIREMET BOARD MEETING MINUTES

May 25, 2021

1. CALL MEETING TO ORDER — **CALL TO ORDER**

Chair Marian D. Moskowitz called to order the Retirement Board Meeting on Tuesday, May 25, 2021 at 1:04 PM in room 351 of the Government Services Center. In addition to Chair Moskowitz, the following board members were also in attendance: Commissioner Josh Maxwell, Commissioner Michelle Kichline, and Controller Margaret Reif.

2. MINUTES OF PREVIOUS MEETINGS — **MINUTES APPROVED**

Commissioner Maxwell made a motion to approve the minutes from the Retirement Board Meeting on May 5, 2021. Commissioner Kichline seconded the motion. Motion carried to approve the minutes from the May 5, 2021 meeting.

3. PUBLIC COMMENT ON AGENDA ITEMS — **PUBLIC COMMENT**

Jim DiLuzio expressed concerns surrounding the ethics involved in a government entity investing in real estate.

There was no further public comment.

4. OLD BUSINESS — **OLD BUSINESS**

There were no items of old business.

5. NEW BUSINESS — **NEW BUSINESS**

a. Performance Update Report — **Performance Update Report**

Steve Roth and Bill Dahab of Dahab Associates reviewed the performance review report with the Board. They discussed how the report is structured and that the Board may alter the format or content of the information for future reports.

They noted that at the end of the first quarter, the Fund was valued at $533,763,785, which shows an increase from December 2020. In addition, for the first quarter, the total portfolio returned 2.9%, which was equal to the Chester County Policy Index's return of 2.9% and ranked in the 58th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 36.9%, which was 1.0% below the benchmark's 37.9% return, ranking in the 32nd percentile.

Dahab Associates also noted that while they are still reviewing materials from the County as well as data received from the previous Fund consultant, figures are accurate from 2013 through March 31, 2021.

b. **Actuarial Assumption Changes**

Actuarial Assumption Changes

Kris Seets, David Reichert, and Michael Spadaro of Korn Ferry presented, reviewed, and recommended potential changes to several actuarial assumptions and methods which, if approved, will affect the County's actuarially determined contribution for 2021. The recommendations would include a revised asset method, revised life expectancy, and reduced investment return assumption.

The recommended asset method would change from smoothing the ratio of market value to cost value of assets over five years, to smoothing investment gains/losses over five years.

The recommended life expectancy would set forward the life expectancy of females by one year, consistent with the mortality experience for public sector employees in Pennsylvania.

The recommended investment return rate of assumption would decrease from a current rate of 7.25% to 7.00%, which is recommended based on the trend toward lower capital market expectation and lower assumptions being adopted by peer retirement systems and surrounding counties.

Approving these changes would make the County's actuarially determined contribution for 2021 $9,502,000 with a funded ratio of 86.9 percent. Chief Financial Officer Julie Bookheimer noted that $9,502,000 is under what the County originally budgeted for the actuarially determined contribution. Controller Reif made a motion to approve the recommended changes. Commissioner Kichline seconded the motion. Motion carried to approve all three recommended changes.

c. **Wells Fargo Asset Management Acquisition**

Wells Fargo Asset Management Acquisition

Joe Conroy and Bryant Van Cronkhite of Wells Fargo Asset Management informed the Board that Wells Fargo Asset Management had been purchased, and asked that the Board approve assignment of the Advisor to their new holding company, with the name change information to follow. Commissioner Kichline made the motion to approve the assignment of the Advisor, with the understanding that the Board would sign the consent document at this time only and that an additional document requiring signature once the name change is finalized will follow. Commissioner Maxwell seconded the motion. Motion carried to approve the assignment of the Advisor to Wells Fargo Asset Management's new holding company.

d. **Real Estate Education**

Real Estate Education

Due to time constraint, the Board noted that the Real Estate Education presentation and related discussion from Dahab will be moved to the next meeting.

e. **<u>Administration Update</u>**

Administration Update

Chief Financial Officer Julie Bookheimer noted that at the end of the first quarter, 42.5% (933) of employees are contributing 5 percent to the Fund, while 57.5% (1,262) of employees are contributing 6 percent. This is an increase of those contributing 6 percent compared to the previous year. She also noted that 21 employees no longer with the county remain vested in the Fund.

6. PUBLIC COMMENT

PUBLIC COMMENT

Jim DiLuzio noted that during the last meeting the Board made the decision to move the discussion of a consideration of a Cost of Living increase to the October timeframe, and noted there is no October retirement board meeting on the schedule. County Administrator Bobby Kagel explained that the Board would receive the letter addressing COLA updates in October, and that the topic would be discussed by the Board during the scheduled retirement board meeting in December of this year.

Mr. DiLuzio requested that the Board consider changing the pay date for retirees, noting that the last business day of the month has inconsistencies, particularly when holidays arise. He suggested aligning with social security payments and consider moving the pay date to the last Wednesday of the month, or something similar. Controller Reif noted that no matter how the payments are made there will always be inconsistencies due to holidays, etc., but that she is happy to consider a change in the process and recommended the Board discuss it further.

Mr. DiLuzio asked that the performance update report be included in the meeting minutes, to which Mr. Kagel responded that the report is already on the website in the meeting's agenda.

Controller Reif asked Dahab Associates to address Mr. DiLuzio's comment on the concerns surrounding the ethics involved in investing in real estate. Dahab noted that there are many ways to go about investing in real estate, and that the way they suggest would certainly not be unethical. Dahab explained they plan to review that information with the Board at the next meeting during the Real Estate Education presentation.

There was no further public comment.

7. NEXT MEETING

NEXT MEETING

Chair Moskowitz announced that the next Retirement Board meeting will be held on Thursday, June 24, 2021 at 2:00 PM.

8. ADJOURNMENT

ADJOURNMENT

Commissioner Maxwell made a motion to adjourn the meeting. Commissioner Kichline seconded that motion. Motion carried; meeting adjourned at 2:21PM.

<u>Taken by Taylor Pettit</u>
On behalf of Chief Clerk Robert J. Kagel