

Retirement Board Meeting
November 28, 2023

Present:	Commissioner	Thomas Chernisky Scott Hunt
	Controller	Ed Cernic Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky
Absent:	Commissioner	William Smith

Pledge of Allegiance

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

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on October 12, 2023. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.

Public Comments: None

Ed Cernic reviewed the retirement summary. There are currently 1,153 retirees as of November 27, 2023. November's retirement payroll was \$1,372,666.58.

Michael Stem from AmeriServ attended the meeting. Michael Stem presented the Board with the market value of the investments as of October 31, 2023. Motion was made by Ed Cernic to accept the October 31, 2023 AmeriServ report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.

Sam Starkey, Relationship Manager and Bill Adams, Investment Director from Schroders attended the meeting. Sam informed the Board that Schroders is celebrating its 100th year anniversary, they remain avid members of PAPERS and have two thousand investors in the same strategy that Cambria's fund is in. Bill presented to the Board that there have been no changes in senior management structure and that Stephen Langford is our lead portfolio manager. Schroders manages International Multi-Cap Value strategy for the fund. When selecting stocks, the net is cast really wide as a quantitative research-oriented team that use fundamental research inputs as well. Over 10,000 stocks are looked at each and every day. Cambria's portfolio has typically 500 stocks. Schroder's goes up and down the cap range and discovers undercover and ignored parts of the market. Schroders likes to buy quality value stocks at a good price. Over a rolling 3-year period, 93% of the time the fund has outperformed. During the third quarter, returns were -0.86% vs. the standard benchmark of -3.77%. One-year returns were 23.26% vs. 20.39%.

Pat Wing, Marquette Associates gave a quick overview of the market environment. U.S. economic growth accelerated in the third quarter, with real GDP growing at an annualized rate of 41.9%. Consumer spending was a notable tailwind, while inventory investment and government spending also drove economic activity. As the economy closes out the year and heads into 2024, the economic outlook likely hinges on the consumer, where it seems that headwinds are beginning to build. In the near term, the restart of student loan payments and higher gasoline prices are likely to lead to a deceleration in consumer spending in the fourth quarter. Heading into next year, shrinking household savings and a labor market that is likely to weaken may also present challenges. More specifically, inflation-adjusted household savings are now below their pre-COVID level for the majority of consumers. Further, small business hiring plans have weakened in recent months, which is consistent with a softening labor market and higher unemployment rate in the coming quarters. Pat Wing reviewed the markets. Fixed income markets were mixed, with investment-grade bonds in the red due to higher rates across the yield curve. Equities were mildly in the red. Since 1971, history shows that the equity market outcomes are radically different. More specifically, equities have rallied strongly after the Fed's last hike, absent a recession in the next twelve months. If a recession does occur, equities tend to lose ground over the next year. Pat gave a portfolio overview. The market value as of September 30, 2023 was \$228 million; today's market value is \$233 million. The third quarter resulted in a net investment change of -\$5.4 million and the return was -2.4% (net) vs. the policy index of -2.1%. Private equity and private debt market values will not be available until November 30, 2023. Positive attributions for the quarter were from the asset allocation, outperformance by Twin and Baird. Negative attributions for the quarter were from underperformance by Emerald, active non-U.S. equity managers, Principal, IFM, C.S. McKee and FNB. The fund as of September 30, 2023 was ranked in the top 29%. Emerald was behind the benchmark -8.6% vs. 7.3% and are ranked at 76. Emerald will be invited in for the next quarterly meeting. C.S. McKee was put on watch at the September monthly meeting due to personnel changes. Pat spoke with C.S. McKee and there has been no additional changes. Pat will follow up again and update the Board in February. Pat reviewed the Non-U.S. Equity. The composite return for the quarter was -4.8% vs. -3.8%. Each manager was behind the benchmark for the quarter and year to date was a similar story for each manager outside of Vanguard. The composite return for one year was 6.0% vs. 5.3%. The reason for them being slightly ahead is because there are more value stocks that have done well. Schroders is value and Mondrian is value. Since inception, Schroders is inline with the benchmark returning 5.0% vs. 5.0%, Mondrian was behind 4.2% vs. 6.7% and Vanguard's returns were 6.9% vs. 3.9%. Looking at the dynamics, the fund has three active managers in Non-U.S. Equity and two are value managers that are not doing the exact same thing but are somewhat similar and then Vanguard is doing something completely different. Pat is recommending to the Board to consider an approach that mirrors the U.S. Equity allocation. This would mean terminating one of the value managers and moving the assets to an index fund – Fidelity Global. In conclusion, it would give the Fund the exposure we want, provide more certainty and lower fees.

- Motion was made by Ed Cernic at the recommendation of Marquette to terminate and liquidate Mondrian and move the funds to a Fidelity Global Index Fund. Approve the rebalancing as proposed, moving \$875,000 from Vanguard Growth Index Fund and \$725,000 from the cash Fund account to C.S. McKee. Motion was seconded by Lisa Kozorosky. Vote unanimous 4-0.

Pat then reviewed the 2023 Pennsylvania County Pension Plan Report Sixteenth Edition with the Board. Of the 62 eligible PA counties 53 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.

- Motion was made by Lisa Kozorosky to accept Marquette' report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.

Old Business:

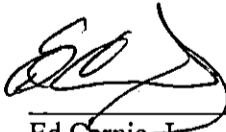
1. Ed updated the Board on the Actuary RFP. The proposal is ready and will be sent out to prospective bidders December 11, 2023. RFP's need to be returned no later than January 19, 2024. Ed will review the proposals and meet with the Board to discuss.

New Business:

1. The Board discussed the interest calculation date on the distribution of funds to former members of the Plan. Historically, for members not vested, interest was calculated to the date of distribution.
 - Motion was made by Ed Cernic effective January 1, 2024, members who are not vested will have interest calculated to the pay date of the last county paycheck that contributions were deducted for that individual. For members who are vested, interest will be calculated to the date of distribution. For retirees, interest will be calculated to the retirement date. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.
2. Discussion was held by the Board on interest credit.
 - Motion was made by Ed Cernic to set the interest credit to 4.75% for 2024. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.
3. Discussion held by the Board on a Cost-of-Living increase.
 - Motion was made by Ed Cernic for no Cost-of-Living increase for 2024. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.
4. The 2024 Quarterly Retirement Board meeting dates are February 6, May 28, August 12, and November 4, 2024.
 - Motion was made by Ed Cernic to set the 2024 Quarterly Retirement Board meetings as proposed. Motion was seconded by Lisa Kozorosky. Vote unanimous 4-0.
5. 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: Heidi Piurkowsky. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 4-0.

The next Retirement Board meeting will be held on Thursday, December 7, 2023 immediately following the 10:00 a.m. Commissioner's Meeting in the Jury room.

Motion was made to adjourn the meeting by Lisa Kozorosky. Meeting adjourned at 11:46 a.m.



Ed Cernic, Jr.