

Retirement Board Meeting
August 1, 2023

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

Pledge of Allegiance

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

Motion was made by William Smith to approve the minutes from the Retirement Board meeting held on June 15, 2023. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

The July 20, 2023 Retirement Board meeting was cancelled on July 18, 2023

Public Comments: None

Ed Cernic reviewed the retirement summary. There are currently 1,151 retirees as of July 28, 2023. July's retirement payroll was \$1,365,408.70.

Michael Stem and Courtnie Beaver from AmeriServ attended the meeting. Michael Stem presented the Board with the market value of the investments as of July 31, 2023. Motion was made by Ed Cernic to accept July 31, 2023 AmeriServ report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Pat Wing, Marquette Associates, gave a quick overview of the market environment. The U.S. economy has continued to defy economist expectations of an impending recession. Despite the second quarter slowdown, consumer spending remains resilient on the back of excess savings accumulated during the pandemic and a tight labor market that continues to generate nominal wage growth well above its average level seen over the past couple of decades. With fixed-rate mortgages accounting for about 67% of total household debt, consumers have been shielded to some degree from rising rates. Unlike the U.S., economic data in most other major global economic regions and countries have been coming in below expectations in the second quarter. Pat Wing reviewed the asset class performance. U.S. Equities were up 8.5% while International Equities lagged at 3%. Top contributing sectors were Information Technology and Consumer Discretionary. The market value as of June 30, 2023 was \$235.6 million. The second quarter net investment change was \$9 million and the portfolio returned 4.0% (net) vs. the policy index of 3.9%. Private Equity and Private Debt market values will not be available until August 31, 2023. Positive attributions for the quarter were from outperformance by active U.S. equity managers, Principal and IFM and active Fixed Income managers. Negative attributions for the quarter were from U.S. Equity structure and underperformance by active non-U.S. equity managers. Pat provided a summary of cash flows for the second quarter. The beginning balance was \$228,908,619 million, withdrawals were \$2,400,000 million, net investment change \$9,046,660 and the ending market value was \$235,555,279 million; resulting in the fund growing \$6.6 million for the quarter. Currently all asset allocations are within range. Pat Wing reviewed the Fund's performance summary. The total Equity composite returned 7.3% vs. the benchmark of 7.3%. The U.S. Equity composite returned 8.4% vs 8.4%. Twin Capital returned 8.9% vs. their benchmark of 8.6% and Kayne Anderson returned 4.2% vs. 3.2%. The non-U.S. equity returns were 1.9% vs. the benchmark of 2.4%. Mondrian, who are on watch, had returns of 3.1% vs. the benchmark of 3.2%. Schroder's returns were 2.1% vs. the benchmark of 2.9% and YTD returns were 9.5% vs. 7.8%. Returns for the quarter were due to stock selection. Pat recommends putting Schroder on watch as well due to their overall performance for the year and to also have them present at the November quarterly meeting.

- Motion was made by Ed Cernic to put Schroder based on their lagging performance on watch. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Pat continued with the performance summary. Real estate as a whole has been a challenge; returns were -1.9% vs. the benchmark of -2.8%. IFM was up 2.5% percent vs. their benchmark of 1.8%. The Fixed Income managers were all above the benchmark. Pat Wing reviewed the Ironsides Funds. For all the Funds the total commitment amount was \$33 million. To date, the distributions totaled \$33,099,766 million and the valuation is \$24,570,915 million. Rebalancing is needed to fund the capital call made by the Ironsides Co-Investment Fund V. Pat provided the Board with the rebalancing proposal to move \$505,000 from the Vanguard Value Fund to fund the capital call.

- Motion was made by Ed Cernic at the recommendation of Marquette to move \$505,000.00 from the Vanguard Value Fund to fund the capital call made by Ironsides Co-Investment Fund V. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
- Motion was made by Ed Cernic to accept Marquette' report. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Dave Reid, CBIZ presented to the Board a valuation summary. Dave reviewed the benefits and overall demographics of the plan. The current funding policy is 12.50% effective July 1, 2023 with scheduled contribution increases of 12.75% effective January 1, 2024, 13.00% effective July 1, 2024, 13.25% effective

January 1, 2025, 13.5% effective July 1, 2025 and 13.70% effective July 1, 2026. Using the Actuarial Value of Assets, the Fund is funded at 96.56% as of January 1, 2023. Using the Market Value of Assets, the Fund is funded at 81.99%. County Contributions to the Fund are estimated to be approximately \$3.1 million for 2023.

Old Business:

1. Motion was made by Ed Cernic to clarify past practice of voluntary contributions – Voluntary Contributions can only be changed during the Open Enrollment period. The Open Enrollment Period starts November 1st and ends December 15th. The change to Voluntary Contributions becomes effective the first pay of the New Year. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.
2. Ed Cernic updated the Board that PTG has received the County's backup information and is continuing to work on setting up the new pension system.

New Business:

1. Motion was made by Ed Cernic to approve the Smith and Downey Invoice in the amount of \$1,475.00 for services provided on death benefits. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.
2. 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: Melissa Venesky, Mark Stockley, Robert Miller, Bernadette Sheehan, Matthew Conjelko, Forrest Fordham and Pamela Bishop. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

The next Retirement Board meeting will be held on Thursday, September 14, 2023 immediately following the 10:00 a.m. Commissioner's Meeting in the Jury room.

Motion was made to adjourn the meeting by Scott Hunt. Meeting adjourned at 11:09 a.m.


Ed Cernic, Jr.