

Retirement Board Meeting
November 1, 2022

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 Ed Cernic to adopt the agenda as presented. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on October 13, 2022. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Public Comments: None

Ed Cernic reviewed the retirement summary. There are 1,147 retirees as of October 28, 2022. October retirement payroll was \$1,337,420.32. Motion was made by William Smith to accept the retirement summary report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Sean Rigby from AmeriServ attended the meeting. Sean advised the Board as of the close of business on October 31, 2022, the value of the Fund was \$221,015,930.28. Ed Cernic spoke with Pat Wing about Emerald and KAR having a cash balance of over 3%. Pat Wing explained that this was due to timing on the investments. Motion was made by Ed Cernic to accept the AmeriServ report. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

Pat Wing, Marquette Associates, gave an overview of the market environment. Economists believe the economy rebounded in the 3rd quarter, forecasting real GDP growth of 1.6%, with the updated data last Thursday at 2.6%. What drove all of that growth was net exports, offsetting a slow down in consumer spending and a deep contraction in residential investment. Despite the cloudy economic outlook, the Federal Reserve appears steadfast in its commitment to bring down inflation via tighter monetary policy. Pat reviewed the global asset class performance. Global equities ending the 3rd quarter firmly in the red for the third consecutive quarter as rising interest rates and the uncertain economic outlook weighed on investor sentiment. Fixed income returns were poor during the 3rd quarter with investment grade bonds lagging due to their longer duration. The market value as of September 30, 2022 was \$213.8 million. For the 3rd quarter, the portfolio returned -3.9% (net), vs. the policy index of -3.7%. The positive attribution for the quarter were asset allocation and outperformance by C.S. McKee and FNB. The negative attribution for the quarter was from underperformance by active equity managers and underperformance by IFM. Pat then reviewed the 2022 Pennsylvania County Pension Plan Report 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.

Pat Wing reviewed the portfolio rebalancing with the Board.

- Motion was made by Ed Cernic to rebalance the portfolio as presented by Marquette. Move \$3,000,000.00 from Vanguard Value to Vanguard Growth; \$700,000.00 from Vanguard Value to CS McKee and \$100,000.00 from cash to CS McKee. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
- Motion was made by Ed Cernic to accept Marquette's report. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Laura Conlon and Steven Dutaut from Mondrian presented to the Board via zoom. Laura, Client Services, advised the Board that Mondrian was founded in 1990 and has over 30 years of stable consistent leadership and is employee owned. There have been no team changes at Mondrian. Mondrian manages approximately \$45 billion in total assets with \$10 billion in the international equity strategy. Steven Dutaut, Senior Portfolio Manager reviewed the investment methodology with the Board. Mondrian is a defensive long term value manager with a value approach which emphasizes yield and future real growth in dividends. One year performance for the international value equity fund was -24.12% vs. the benchmark of -27.09%, and for the quarter -14.95% vs. the benchmark of -9.36%. Equity markets were weak as central banks began to tighten policy and European markets lagged as Russia invaded Ukraine. Markets with higher exposure to commodities outperformed. The energy sector led returns as oil prices rose sharply on geopolitical tensions and the IT sector lagged as high valuation multiples compressed. Economic concerns and supply chain disruption weighed on the consumer discretionary sector.

The Board discussed Mondrian and are concerned where they are at compared to the benchmark.

- Motion was made by Ed Cernic to put Mondrian on watch. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.

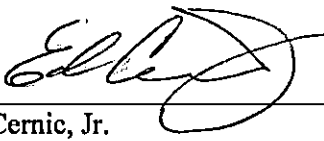
Old Business: None

New Business:

1. Motion was made by Ed Cernic to contract with Pension Technology Group (PTG) for 10 years at \$25,000.00 per year. This entails converting of data, implementing PTG Pension Pro, Integrating with Munis for membership contribution tracking, membership interest, posting and document scanning. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.
2. Motion was made by Ed Cernic to set the interest credit to 4.75% for 2023. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
3. Discussion was held by the Board on a Cost-of-Living increase. Motion was made by Ed Cernic for no Cost-of-Living increase for 2023. Motion was seconded by William Smith. Motion carried. Vote unanimous 5-0.
4. Ed informed the Board that Dana Descavish will be working on the 2023 Retirement Board meeting schedule.

The next Retirement Board meeting will be held on Thursday, December 8, 2022 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 11:38 a.m.



Ed Cernic, Jr.