

Retirement Board Meeting  
February 6, 2024

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

Pledge of Allegiance

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

Motion was made by Ed Cernic to amend the agenda for reappointment. Motion was seconded by Keith Rager. Motion carried Vote unanimous 4-0.

Motion was made by Ed Cernic to appoint Scott Hunt as Chairman of the Retirement Board. Act 96 states the Chairman of the Commissioner's Board is the Chairman of the Retirement Board. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 4-0.

Thomas Chernisky arrived at 10:02 a.m.

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on January 11, 2024. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

Public Comments: None

Ed Cernic reviewed the retirement summary. There are currently 1,165 retirees as of February 6, 2024. January's retirement payroll was \$1,380,551.96.

Michael Stem from AmeriServ attended the meeting. Michael Stem presented the Board with the market value of the investments as of January 31, 2024. The market value was \$242,510,772.15. Ed Cernic requested that AmeriServ provide a more up to date report when they attend the quarterly meetings. Michael Stem advised he would speak with Michael Geiser to have a report generated closer to the meeting date. Motion was made by Ed Cernic to accept the AmeriServ report. Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 5-0.

Pat Wing, Marquette Associates gave a quick overview of the market environment. U.S. economic growth likely decelerated in the fourth quarter, with economists expecting real GDP growth of 1.6%. Outside of government expenditures, the slowdown was broad based, with consumer spending, net exports, and private investment all weakening compared to the third quarter. Despite the fourth quarter, 2023 defied economist expectations of a recession, with data coming in better than expected through the year. While the consumer was a larger contributor to unexpected economic growth this year, government spending was abnormally large relative to the strength in the labor market. Based on data from the past 40 years, an unemployment rate below 4% is consistent with a government deficit of approximately 1%, compared to the actual deficit of more than 6%. Global equities ended 2023 on a strong note, posting robust gains amid falling interest rates and easing financial conditions. U.S. equities outperformed their international counterparts despite U.S. dollar weakness. Fixed income markets were also firmly in the black. Pat provided a portfolio overview. The market value as of December 31, 2023 was \$242.6 million. The fourth quarter net investment change was \$17.2 million. The portfolio returned for the fourth quarter net of fees 7.6% vs. the policy index of 7.6%. Private Equity and Private Debt market values for year end will be received March 31, 2024. Pat reviewed the performance summary net of fees. The U.S. Equity composite returns were 12.2% vs. 12.1%. Emerald returns were 14.8% vs. 12.7%. The Non-U.S. Equity composite returns were 9.5% vs. 9.8%. Schroeder, who is on watch, returns were 6.5% vs. 8.7%. Schroeder's has had a challenging year, will continue to watch them and see if their performance improves. Real Estate returns were -2.3% vs. -5.0%. IFM's returns were 2.6% vs. 0.4%. U.S. Fixed income returns were 4.5% vs. 4.6%. FNB returned 4.0% vs. 4.6%. Pat recommends that FNB present at the next quarterly meeting in May. Ed Cernic agrees. Pat reviewed the Private Market Investments with Ironsides. As of September 30, 2023, \$59.6 million was earned from the Ironsides Investments. Pat presented to the Board the PA County Fiduciary Overview. He reviewed the pension plan fiduciary role and responsibilities. Pat advised the Board the C.S. McKee has been on watch due to a departure of personnel from the firm. The personnel were replaced and also resources added. There has been no other changes and Pat recommends taking them off of watch.

- Motion was made by Ed Cernic at the recommendation of Marquette to take C.S. McKee off watch. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Pat reviewed a rebalancing proposal with the Board. Pat is recommending moving \$2,000,000 from Vanguard Growth to C.S. McKee.

- Motion was made by Ed Cernic at the recommendation from Marquette to move \$2,000,000 from Vanguard Growth Fund to C.S. McKee. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Mark Schlegel from Emerald attended the meeting and presented to the Board. Emerald has been with the Cambria County Retirement Fund for 12 years. Since inception returns were 12.65% annualized vs. the benchmark of 10.03%. The fourth quarter returns were 14.97% vs. 12.75%. The healthcare sector was the portfolio's largest contributor to return for the quarter. Both absolute and relative portfolio performance improved sequentially driven by stock selection within the biotechnology, pharmaceuticals, medical services and medical equipment industries. The technology sector was also a positive contributor to performance as well as consumer staples and financial sectors.

- Motion was made by Ed Cernic to accept Marquette's and Emerald's report. Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 5-0.

Old Business:

1. Ed Cernic updated the Board on the Actuary RFP. Six proposals were received on January 19, 2024. The Board discussed the proposals received. No formal action taken.

New Business:

1. 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: David Berkey, Agnes Kertes, Diane Brence, Susan Polke, Susan Lingafelt, David Murphy and Lynnett Williams. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

The next Retirement Board meeting will be held on Thursday, March 14, 2024 immediately following the 10:00 a.m. Commissioner's Meeting in the Jury room.

Motion was made to adjourn the meeting by Thomas Chernisky. Meeting adjourned at 11:20 a.m.

  
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Ed Cernic, Jr.