

Retirement Board Meeting
May 12, 2025

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

Pledge of Allegiance

Commissioner Hunt called the meeting to order at 10:03 a.m.

Motion was made by Keith Rager to approve the minutes from the Retirement Board meeting held on April 10, 2025. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Public Comments: None

Ed Cernic reviewed the retirement summary. There are currently 1,162 retirees as of April 30, 2025. April's retirement payroll was \$1,442,046.47.

Michael Stem from AmeriServ attended the meeting. Michael Stem presented the Board with the market value of the investments as of May 9, 2025. The market value was \$257,128,996.11. Ed Cernic questioned the amount of cash for Kayne Anderson. Pat Wing had reached out to Kayne Anderson and they responded the cash balance was due to actively selling out of a position. Motion was made by Ed Cernic to accept the AmeriServ report. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 4-0.

Thomas Chernisky arrived at 10:06 a.m.

Pat Wing, Marquette Associates gave a quick overview of the market environment. The U.S. economy contracted in the first quarter, with real GDP declining at an annualized pace of -0.3%. This marked the first negative GDP since the first quarter of 2022. Net exports were a large drag on growth, detracting 4.8 percentage points. Consumer spending decelerated from the fourth quarter but topped economic forecasts. The economist estimates for growth for the rest of the calendar year are quite a bit lower than where they were in February. They were around 2% and now they are around 1.5% to 1% given to the policy uncertainty related to tariffs and the fiscal outlook. Amid signs of an economic deceleration, recent inflation reports have been better than expected. Pat reviewed the global asset performance. U.S. equities were down and pretty much everything else was broadly positive. Developing Non-U.S. Equities and Emerging Equities were positive. The U.S. Bonds were up near 3%, meaning interest rates came down a little bit during the quarter amid the uncertainty putting upward pressure on bond prices. Real Estate was essentially flat. Infrastructure was up more than 3%. Having the additional diversification outside U.S. equities proved pretty helpful. Energy and utilities were the best performing sectors and consumer discretionary was the worst performer, followed by information technology.

Pat provided a portfolio overview. The market value as of March 31, 2025 was \$256.1 million. The net investment change for the first quarter was a -\$2.0 million dollars that was predominantly driven by the U.S. Equities allocation which comprises of a little less than half of the fund. The portfolio returned -0.8% (net) vs. policy index of -1.1%. The positive attributions for the quarter were outperformance by Kayne Anderson, Schroder and IFM. Negative attributions for the quarter were from domestic equity structure, underperformance by Emerald, Vanguard International Growth and Principal.

Scott Hunt left the meeting at 10:15 a.m.

Pat Wing reviewed the performance summary. The total U.S. Equity Composite was -4.5% vs. the index of -4.7%. Twin Capital was behind their benchmark -4.6% vs -4.5%. Vanguard Value and Growth were inline with their benchmarks. Kayne Anderson was well ahead of their benchmark -4.3% vs. -7.7%. Currently Kayne Anderson is on the watch list; Pat is recommending they be removed from the watch list given their recent strong performance in a tough environment.

- Motion was made by Ed Cernic at the recommendation of Marquette to remove Kayne Anderson from the watch list. Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 4-0.

Pat continued his report. The Non-U.S. Equity composite returned 5.5% vs. 5.2%. Schroeder returned 9.5% vs. 7.8%. Real Estate was basically flat for the quarter. Principal was behind the benchmark by about of percentage point -0.1% vs 0.8%. Principal has done okay since inception on a relative basis but on an absolute basis it left a little to be desired. Infrastructure was up more that 3%; 9% on an annualized basis. Fixed income was inline within the benchmark. Baird was the best performer of the three fixed income managers. FNB is on the watch list and there is no recommendation to change that now. For the Ironsides Funds, the Board has made an aggregate commitment of \$33,000,000 to the five Ironsides funds over the last decade or so. The cumulative distributions have been \$39,326.011 and the valuation is \$21,660,297.

Scott Hunt returned at 10:28 a.m.

Pat then returned to Real Estate and Infrastructure and long-term asset allocation. Marquette has concerns on the real estate asset class. Upcoming maturities pose a risk to the real estate asset class. Real estate returns through 2028 are expected to be subdued relative to historical averages. Real estate has these structural

headwinds and uncertainty and Infrastructure has been doing well. Private infrastructure has generated attractive risk-adjusted returns relative to private real estate. Marquette is recommending getting out of real estate and investing in another Infrastructure manager. Marquette believes either JP Morgan or Brookfield would complement our current infrastructure manager, IFM. Marquette is recommending a full redemption of Principal and invest the funds into fixed income particularly Baird in the interim; then bring in JP Morgan and Brookfield for manager presentations at the June 19, 2025 meeting. Marquette would also provide an investment policy statement addendum.

- Motion was made by Ed Cernic at the recommendation of Marquette to divest Principal and move the money to fixed income in the interim. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.

Pat Wing recommending rebalancing the portfolio. Move \$1.5 million from Vanguard Growth to Vanguard Value, move \$47,322 from cash to the retirement checking account.

- Motion was made by Ed Cernic at the recommendation of Marquette to move \$1.5 million from Vanguard Growth to Vanguard Value and move \$47,322 from the retirement fund to the retirement checking account. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
- Motion was made by Lisa Kozorosky to accept the Marquette report. Motion was seconded by Ed Cernic. Motion carried. Vote unanimous 5-0.

Lisa Kozorosky and Scott Hunt left the meeting at 10:56 a.m.

Damian Gallagher from Emerald presented to the Board. The firm has no major changes at this time. For the quarter, Emerald returned -12.4% vs. -11.1%. The portfolio performance trailed the Russell 2000 Growth benchmark for the first quarter as the positive contribution from allocation effect was offset by the negative contribution to return from both selection and interaction effect. At the sector level, relative underperformance within the consumer staples, technology and telecommunications sectors more than offset the relative out performance realized within the healthcare, consumer discretionary, financial services and basic materials sectors. Damian advised that the portfolio is currently outperforming despite a difficult first quarter.

Scott Hunt returned at 11:06 am.

Lisa Kozorosky returned at 11:07 a.m.

- Motion was made by Ed Cernic to put Emerald on watch. Motion was seconded by Scott Hunt. Motion carried. Vote unanimous 5-0.
- Motion was made by Ed Cernic to accept Emerald's report. Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 5-0.

Old Business: None

New Business:

1. Motion was made by Ed Cernic to approve the AmeriServ agreement in relation to positive pay for the Retirement payroll. Motion was seconded by Lisa Kozorosky. Motion carried. Vote unanimous 5-0.
2. Ed Cernic informed the Board that starting June 2, 2025, Dana will be doing retirement presentations at various locations for the employees.
3. Ed Cernic presented to the Board the Retirement Fund booklet for year end December 31, 2024.
4. Ironsides Opportunities Annex GP Fund made a distribution of \$45,048.04 on May 8, 2024.
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: Craig Descavish, Daniel Zakraysek, Christina Dunigan and Karen Forbes. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

Keith Rager made a motion to go into Executive Session at 11:13 a.m. to discuss personnel. Motion was seconded by Thomas Chernisky. Motion carried. Vote unanimous 5-0.

Thomas Chernisky made a motion to come out of Executive Session at 11:18 a.m. Motion was seconded by Keith Rager. Motion carried. Vote unanimous 5-0.

Next meeting is scheduled for Thursday, June 19, 2025 at 10:00 a.m. in the Jury Room. Infrastructure presentations by JP Morgan and Brookfield.

Motion was made to adjourn the meeting by Keith Rager. Meeting adjourned at 11:19 a.m.


Ed Cernic, Jr.