

Lehigh County Retirement Board Meeting

PUBLIC MEETING MINUTES NOVEMBER 10, 2020

1. **CALL TO ORDER: 9:30 AM**

**ATTENDEES:**

Lehigh County Controller Mark Pinsley

Commissioner Bob Elbich

Lehigh County Executive Phillips Armstrong

Director of Administration, Ed Hozza

Director of Corrections (Ret.) Ed Sweeny

Fiscal Director, Tim Reeves

Principal & Senior Consultant Cornerstone, Chris Lakatosh

1. **OLD BUSINESS**

**Approval of Old Minutes:**

Tim Reeves offered corrections to the August 4th, 2020 Retirement Board Meeting minutes, under section four, years was put in place of yays, Mr. Reeves asked that it be corrected. Mr. Reeves made a motion to approve the minutes with this correction, Mr. Sweeney made a second.

The motion passed 6 yays, no nays.

1. **NEW BUSINESS**

**Pension update from Chris Lakatosh from Cornerstone:**

Mr. Lakatosh informed us the county had a strong third quarter and experienced a market improvement following the election, for the quarter we were 40 basis points under our blended benchmark, but were over 10 basis points for the year. The previous year we were 19 points over our blended bench mark.

Mr. Lakatosh informed that board of the breakdown of pension investments, equity allocation is at 60%, fixed income is underweighted by 13%, we’re overweighted on alternatives by about 6.5%, and we’re underweighted on cash by about 1%.

The portfolio value at the end of the third quarter was $528 million, but with the resurgence of the market, the pension plan was currently at $545 million. The county will be making its $15 million dollar contribution which would bring the pension plan to $560 million in total value.

Mr. Lakatosh informed the board that the county draws between $7.5 to $8 million for pension disbursements quarterly, and that the county is diligent about making its actuarial contribution to the pension fund. The pension fund is considered healthy based on the amount of investment return and rate of disbursements.

Mr. Lakatosh opened the floor to any questions about the pension plan. There were no questions regarding the state of the pension plan.

**Discussion of Cost-of-Living Policy:**

Commissioner Elbich referenced a vote at the prior retirement board meeting involving removing the criterion for considering a cost-of-living increase which requires the pension plan to be 101% funded prior to providing the cost-of-living increase.

Commissioner Elbich is putting together a motion, the motion states as follows: A motion by a member of the Retirement Board of Lehigh County to declare a cost-of-living increase to be applied to the retirement benefits of Lehigh County retirees shall be permitted only during the first two retirement board meetings following the adoption of the official budget by the Board of Commissioners and County Executive. The motion also states that the following conditions must also be met.

* The adopted budget pension contribution amount matches or exceeds the actuarial determined contribution amount recommended in the actuary report.
* The adopted budget maintains the stabilization account at $25 million over the five-year forecast plan.
* No pension fund contributions will be financed through bond revenues.
* The adopted actuarial contribution maintains the fund coverage at 85%.
* Any proposed cost of living increased will not violate any of the above stated criteria.

Commissioner Elbich stated that his motion is decided to create more transparency between the public and connect the budget to the cost-of-living increase. Executive Armstrong requested a second prior to discussion of Commissioner Elbich’ s motion.

Mr. Reeves seconded the motion. Executive Armstrong suggested that the suggestion discussion be taken up at the next meeting so the rest of the board has time to review the motion.

Commissioner Elbich made a motion to table the discussion of his motion for the next retirement board meeting, Executive Armstrong seconded.

Controller Pinsley, recommended that the motion be distributed to board members along with existing guidelines that govern the Lehigh County Retirement Board. Mr. Reeves agreed to this.

Mr. Sweeny asked that they receive the motion soon so there is sufficient time to review.

Controller Pinsley asked that Commissioner Elbich clarify if the Board of Commissioners would be permitted to set the Cost-of-Living increase through the budget. Commissioner Elbich, clarified that his motion does not do this, but rather allows the budget process to play out prior to the determination being made regarding giving a COLA.

Executive Armstrong called for vote on tabling the motion until the next meeting. The motion carried 6 yays, 0 nays.

**Controller Office as Record Keeper of All Policy Changes**

Commissioner Elbich made a point of order regarding the existence of policy document that governs the actions of the retirement board.

Commissioner Elbich made a motion that the Controller’s Office keep a record of all policy decisions made by the board and provide that record to the board at the beginning of each year.

Executive Armstrong seconded the motion. Controller Pinsley asked if Mr. Reeves already had a record of the meetings. Elbich specified that he wanted a summary of the policy changes by the Retirement Board to be kept as public record by the Controller.

Controller Pinsley recommended that the policy summary go through legal. County Solicitor Sarah Murray provided additional guidance saying that there was already existing law that governs the retirement board such as composition and membership.

Mr. Sweeney made a motion to table Mr. Elbich’s motion until documentation is brought forward. Controller Pinsley seconded the motion.

The motion passes 6 yays and 0 nays.

**Setting Meeting Dates for 2021 Retirement Board**

The meeting dates are as follows:

January 26th

February 9th

May 11th

August 10th

November 9th.

Tim Reeves clarified that the January 26th meeting is only meant to set interest rates, and that the tabled motions should be discussed on February 9th.

Controller Pinsley made a motion to approve the 2021 meeting times. Mr. Reeves seconded.

The motion passed 6 yays and 0 nays.

There are new motions.

1. **Citizen’s Input**

There was no citizen’s input.

1. **Adjourn**