



Lehigh County Retirement Board Meeting

PUBLIC MEETING

MINUTES

May 6, 2025

1. CALL TO ORDER: 9:30 AM

ATTENDEES:

Chairman: Phillips Armstrong, Lehigh County Executive
Executive Appointee: Edward Hozza, Jr., Director of Administration
Commissioner Appointee: Geoff Brace, President, Board of Commissioners
Commissioner Appointee, Zach Cole-Borgh, Commissioner (**ABSENT**)
Secretary: Mark Pinsley, Lehigh County Controller
Retiree Representative: Joseph Reichard, Retiree
Employee Representative: Tim Reeves, Fiscal Director
Cornerstone Representative: Chris Lakatosh

2. OLD BUSINESS

Approval of Old Minutes

Minutes from 2-4-25 were submitted for approval. The motion was made to approve these minutes by Edward Hozza, Jr. and seconded by Mark Pinsley. Motion approved.

3. NEW BUSINESS

Pension Fund Update

Total portfolio market value at the beginning of the quarter was \$631,063,060. Total portfolio market value at the end of the quarter landed at \$622,849,081. Overall, we had a positive return for the first quarter of 2025, despite volatility in the market.

Asset Allocation

With quarter ending March 31, 2025, overall returns came in at .39%. Our IPS ending weights are 43.3% domestic equity, 19% international equity, 22.7% domestic fixed income, 12.7% alternative stocks, and 2.4% cash and equivalents. As such, we saw overall positive returns for the first quarter.

Historical Cashflow

Withdrawals since inception have been \$405,136,000. Contributions since inception have been \$193,969,000. This makes the change in market value since inception \$343,519,000.

Manager Performance

We have a healthy, diversified portfolio and remain confident that our manager is mitigating our portfolio to meets our needs. Domestic equities and US stocks are down, but that has been balanced out by international funds to help meet the goals of the portfolio.

4. Motions

Resolution to Pause Purchases of Tesla Stock from our Managed Funds

Resolution was voted on and passed, 4-2. See attachment.

5. Citizen's Input

None

6. Adjourn

Motion made to adjourn the meeting. Motion seconded and approved. Meeting adjourned.

Resolution to Pause Purchases of Tesla Stock from our Managed Funds

WHEREAS, Tesla's Q1 2025 financial results revealed a 71% year-over-year decline in net income to \$409 million, a 9% decrease in total revenue to \$19.3 billion, and a 20% drop in automotive revenue to \$13.9 billion; and

WHEREAS, the company's operating margin contracted to 2.1%, down from 5.5% in Q1 2024, indicating reduced profitability; and

WHEREAS, Tesla's price-to-earnings (P/E) ratio stands at approximately 154.13, significantly higher than the automotive industry average of 8 to 12, suggesting potential overvaluation; and

WHEREAS, these financial indicators have prompted the Lehigh County Pension Board to reassess its investment strategy to ensure alignment with industry standards and fiduciary responsibilities;

THEREFORE, BE IT RESOLVED THAT:

The pension board directs that the actively managed funds held by the pension board shall not make any new purchases of Tesla from now until the next board meeting.

The board further directs that its investment consultant delivers, no later than 2 weeks before the next board meeting, an analysis of the fund's current exposure to Tesla and an assessment of the financial, governance, and reputational risks the board should be aware of with Tesla and other stocks.

Resolution Passed. 4-2

In favor:

Phillips Armstrong
Edward Hozza, Jr.
Geoff Brace
Mark Pinsley

Opposed:

Joseph Reichard
Tim Reeves

Absent:

Zach Cole-Borghi