

Minutes of the Lehigh County Retirement Board Meeting

Lehigh County Government Center Public Hearing Room

Thursday, May 4, 2017

9:30 A.M.

A meeting of the Lehigh County Employees' Retirement Board was held at 9:30 A.M. in Lehigh County Government Center Public Hearing Room. Members present were David Bausch, Percy Dougherty, Glenn Eckhart, Judy Johnston, Tom Muller and Tim Reeves.

Marty Nothstein was not present.

Chris Lakatosh from Cornerstone Advisors Asset Management also attended.

Tom Muller, County Executive, called the meeting to order at 9:00 A.M.

**OLD BUSINESS**

**Meeting minutes for approval from February 28, 2017.**

Tom Muller asked if there were any questions or corrections to the February 28, 2017 meeting minutes.

Tom Muller called for a motion for approval.

Judy Johnston made a motion to approve the February 28, 2017 Retirement Board minutes.

Tim Reeves seconded the motion.

Tom Muller called for a voice vote.

All were in favor. 6-0 vote. Motion passed unanimously.

**NEW BUSINESS**

Chris Lakatosh from Cornerstone gave the First Quarter pension update.

**Page 1 (Net Portfolio Performance)** - The return for the portfolio for the Quarter was up 4.13% so we're right on the benchmark of 4.18%. The 4.13% was indicative of about \$19 million in actual appreciation for the 90 days in the First Quarter of this year. The ending balance as of end of April was \$473,585,000. There is a significant amount of appreciation in the portfolio over the First Quarter of this year and into April. Over the last five years (which is really the body of work we've had with the County) we have been in the top 44<sup>th</sup> percentile for that period of time and beaten the median of other public plans with a return of 6.85% annualized over the last five years on average.

**Page 2 (Asset Allocation)** - The top left chart shows the ending weights are the portfolio weights or exposure, we have about 55% of the money in equities, 28% fixed income, 15.5% alternatives; and 1.2% in cash.

**Page 3 (Historical Cash Flow)** – We've appreciated -- since 2010, the plan is up about \$177 million in plan assets. About \$57 million of that has been income derived by the investments in the portfolio and about \$120 million in change of market value. The market has appreciated significantly over the last 7 years.

**Page 4 (Manager Performance)** – The item to note here is the middle column (Returns). Starting from top to bottom, just about everything in the portfolio had returned a positive return for the First Quarter of 2017. The two areas that did not were the Global Arbitrage Fund which was off about ¼% so it was pretty much flat and Commodities were down 1.7%. Outside of that we have had significantly positive returns in all other aspects of the overall market and the economy for that matter.

**Page 5 (Monthly Flash Report)** – The April Monthly Flash Report is a good indication of where we're at today. The portfolio is up 1.15% for the month and the index was up 1%. So about 15 basis points of outperformance for the fourth month of the year. At the bottom of the page, the aggregate net portfolio return was 5.33% relative to the index which was up 5.22%. All really strong news and really positive performance overall.

There was no further business.

Tom Muller called for a motion to adjourn.

Glenn Eckhart made the motion to adjourn.

David Bausch seconded the motion

Tom Muller called for a voice vote. All in favor. 6-0 vote. Motion passed unanimously.

Meeting adjourned at 9:38 A.M.



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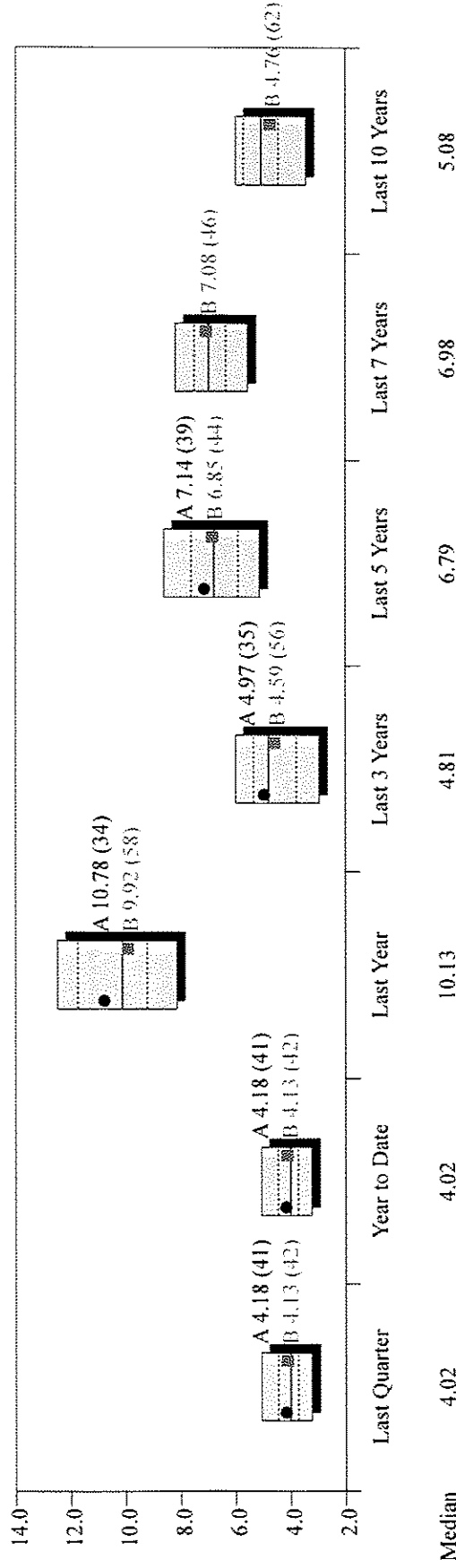
Glenn Eckhart, Secretary

## Lehigh County Retirement Fund Net Portfolio Performance

3 Months ending March 31, 2017

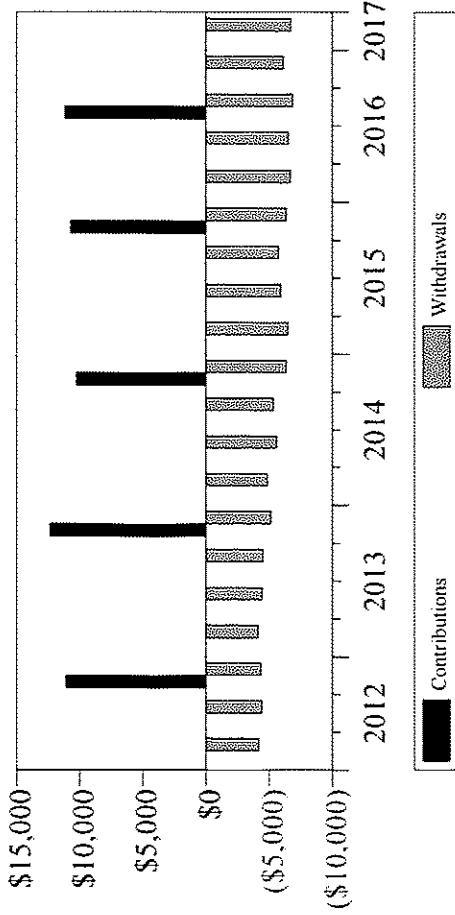
	Ending Weight	Returns	Beginning Market Value	Ending Market Value
Domestic Equity	38.0%	5.92%	\$182,218,943	\$179,506,194
International Equity	17.0%	8.06%	\$76,189,774	\$80,254,148
Domestic Fixed Income	28.3%	0.83%	\$122,554,030	\$133,586,854
Alternative	15.6%	1.75%	\$71,789,735	\$73,511,696
Cash & Equivalents	1.2%	0.14%	\$7,250,950	\$5,537,540
<b>Total Portfolio</b>	<b>100.0%</b>	<b>4.13%</b>	<b>\$460,003,432</b>	<b>\$472,396,431</b>
<i>Lehigh County Blended BM</i>				
		4.18%		

Net of Fee Returns for Period Ending March 31, 2017  
Group: CAI Public Fund Sponsor - Mid (100M-1B)

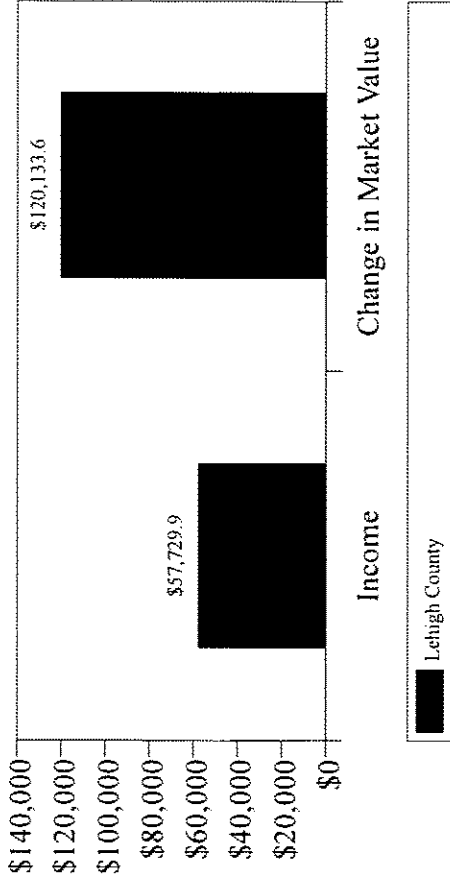


## Lehigh County Retirement Fund Historical Cash Flow

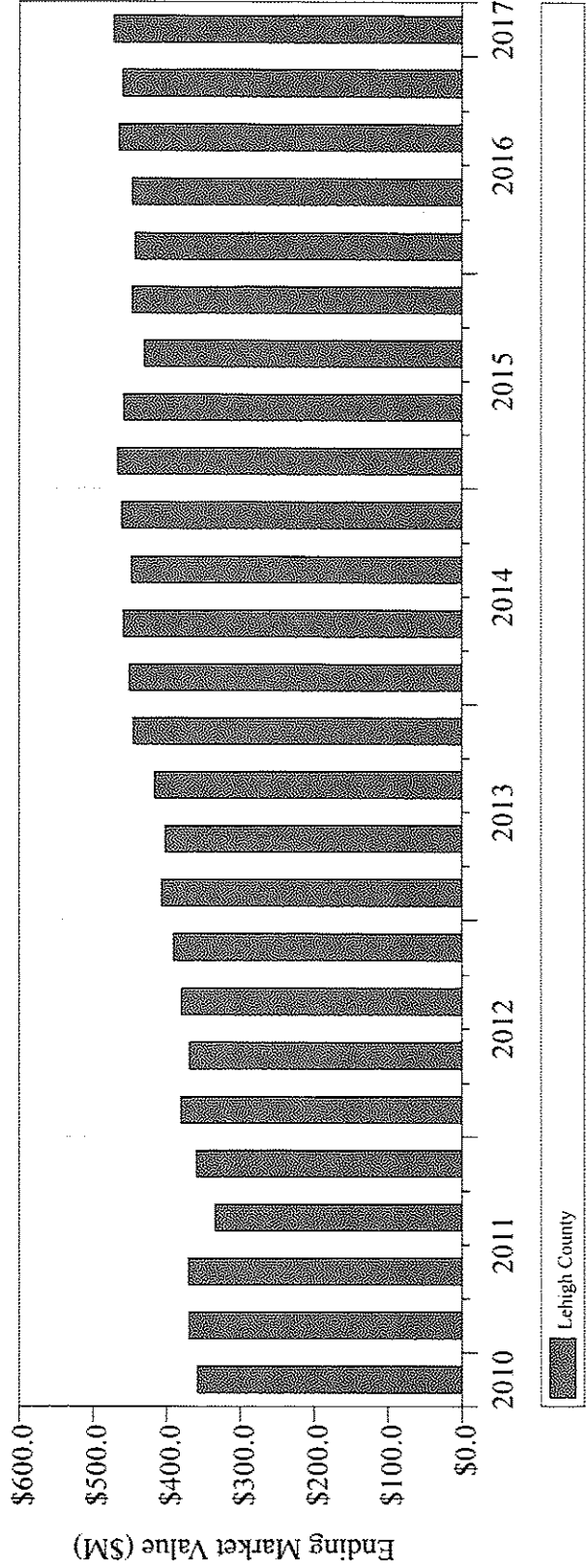
Quarterly Cash Flows for 5 Years (\$K)



Portfolio Appreciation (\$K) Since Inception



Ending Market Value Since Inception (October 1, 2010)



## Lehigh County Employees' Retirement Plan Monthly Flash Report

	<i>Monthly Return April-2017</i>	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
<b>Lomax</b>	<b>0.10%</b>	<b>\$38,229,517</b>	<b>\$38,268,461</b>
Russell 1000 Value	-0.19%		
<b>Vanguard Institutional Index</b>	<b>1.03%</b>	<b>\$65,754,833</b>	<b>\$66,430,324</b>
S&P 500	1.03%		
<b>Sustainable Growth Advisors</b>	<b>3.69%</b>	<b>\$38,949,034</b>	<b>\$40,385,133</b>
Russell 1000 Growth	2.29%		
<b>Vanguard SCV Index</b>	<b>0.41%</b>	<b>\$17,096,495</b>	<b>\$17,166,016</b>
CRSP US Small Value	0.42%		
<b>Emerald</b>	<b>0.84%</b>	<b>\$9,659,106</b>	<b>\$9,739,950</b>
Russell Mid-Cap Growth	1.48%		
<b>Emerald Advisors</b>	<b>1.02%</b>	<b>\$9,696,162</b>	<b>\$9,794,932</b>
Russell 2000 Growth	1.84%		
<b>American Funds EuroPac</b>	<b>3.15%</b>	<b>\$27,708,734</b>	<b>\$28,582,204</b>
MSCI ACWI ex US	2.14%		
<b>Vanguard Developed Mkt Idx I</b>	<b>2.38%</b>	<b>\$27,980,070</b>	<b>\$28,645,206</b>
FTSE AW ex US	2.20%		
<b>CSMcKee</b>	<b>0.63%</b>	<b>\$57,177,477</b>	<b>\$57,539,481</b>
Agincourt	0.78%	\$56,489,135	\$56,931,599
<b>BlackRock Strategic Income Opps K</b>	<b>0.20%</b>	<b>\$10,000,000</b>	<b>\$10,005,067</b>
Barclays Capital Aggregate	0.77%		
<b>CBRE Clarion</b>	<b>0.15%</b>	<b>\$12,284,324</b>	<b>\$11,903,153</b>
Dow Jones US Total Market REIT Index	0.57%		
<b>Liquid Alternatives</b>	<b>0.39%</b>	<b>\$48,853,585</b>	<b>\$47,408,567</b>
Blended Alternatives Benchmark	0.39%		
<b>Vanguard ST Investment Grade</b>	<b>0.36%</b>	<b>\$9,143,357</b>	<b>\$9,180,675</b>
Barclays US Corp 1-3 YR	0.26%		
<b>Cash Account</b>	<b>0.07%</b>	<b>\$5,613,939</b>	<b>\$5,554,826</b>
30 Day MM Yield	0.07%		
<b>Weighted</b>	<b>1.15%</b>	<b>\$434,635,768</b>	<b>\$437,535,596</b>
<b>Rate of Return</b>	<b>1.00%</b>		

### Assets Not Valued Daily

	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
<b>Vittoria Intl Long/Short</b>	<b>\$23,942,831</b>	<b>\$23,942,831</b>
<b>Gabelli Merger Arbitrage</b>	<b>\$12,107,436</b>	<b>\$12,107,436</b>

**Grand Total**      **\$470,686,036**      **\$473,585,863**

### 2017 YTD Performance

Net Portfolio	5.33%
Index	5.22%