



## Lehigh County Retirement Board Meeting

PUBLIC MEETING

MINUTES

FEBRUARY 9<sup>TH</sup>, 2021

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

#### ATTENDEES:

Lehigh County Controller Mark Pinsley  
President Board of Commissioners, Geoff Brace  
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

### 2. OLD BUSINESS

#### Approval of Old Minutes

Phillips Armstrong asked for a motion to approve the meetings from the January 26<sup>th</sup>, 2021 meeting. Ed Hozza made the motion, it was seconded by Bob Elbich. The motion carries 7 yays, 0 nays. The meetings were approved.

### 3. NEW BUSINESS

#### Pension Fund Update

Chris Lakatosh said the pension was up 10% during the quarter, though the pension fund was slightly under benchmark mostly because of the performance of technology.

The actuarial assumption goal is 7.25%, which the pension fund is exceeding. The 10% quarterly growth rate puts the pension in top 30th percentile for pension performance.

The last three years, the pension fund has returned 8% per year which puts it on the top 37<sup>th</sup> percentile. Over the last five years, we've returned 9% per year and 7.5% over the last ten years.

Chris Lakatosh reiterated that the fund has performed well during both market downturns and capitalized well on strong markets to improve its standing by mitigating risks.

The ending market value for the year 2020 was \$589 million. Our asset allocation is as follows, 10% overweight on equities, 14% underweight on domestic fixed income, 6% overweight on alternatives and 1% underweight on cash.

The county had a slightly negative cash withdrawal, but the fund's total market values continue to grow.

Chris Lakatosh explained that within the Performance Manager Matrix, one of our funds the AQR experienced a 14% loss during the quarter but only represents 1% of the fund minimizing its total financial impact. Cornerstone has terminated the relationship with that manager as a result.

Chris explained that equity markets led the recovery for our fund in the fourth quarter. Chris Lakatosh explained that they believe the end of 2021 will be strong as the economy recovers and consumer spending will recover driving a stronger market improvement.

Phillips Armstrong asked if there were any questions for Chris from the board or the public. There were no questions.

### **Additional Motions**

#### **Withdrawal of Cost-of-Living Amendment**

Commissioner Elbich made a motion to withdrawal his motion on his cost-of-living amendment. It was seconded by Ed Sweeney. The motions carried 7 yays and 0 nays.

#### **Motion to Create Centralized Location for Policy Changes made by Retirement Board**

Commissioner Elbich made a motion to remove from the table his discussion about creating an information repository for Retirement Board Policy. Mark Pinsley seconded the motion.

Chris Lakatosh asked for clarification on Elbich's amendment and what it would entail. Commissioner Elbich explained that he wanted an up to date and centralized location where major policy decisions can be easily identified and read to better inform the board.

Controller Pinsley took the roll call vote. The motion carried 7 yays and 0 nays.

Ed Sweeny concurred with the need for Elbich's motion referencing the difficulty of new members finding information about previous decisions and policy changes.

Executive Armstrong asked for input from the public. A retiree, Carol Barret agreed with the idea, she is a new retiree. There were no additional comments from the public,

Controller Pinsley took a rollcall vote. The motion carried 7 yays and 0 nays.

#### **Approve Original 7 Recommendations by 2016 Sub-Committee**

Fiscal Director Tim Reeves made a motion to approve the 7 original recommendations made by the Pension Board 2016 Sub-Committee. Executive Armstrong asked that the seven recommendations be publicly stated so all those present would fully understand the motion.

The seven recommendations are:

1. Setting a credit interest rate for the year based on the 20-year average.
2. Cost-of-living increase which requires the fund to be funded at 104% to give a COLA.
3. Process regarding the election of the Pension Board members.
4. Oath of Offices are required to be signed and returned each year.
5. The voting on the Secretary and the Chair of the board each year.
6. The contribution by the county to the retirement fund will never be zero even when there is a year where a contribution isn't required.
7. The county will request a proposal from the county's investment consultants to be given every 4 years.

Controller Pinsley seconded the motion. Ed Sweeny expressed uncertainty about the nature of the motion. Executive Armstrong explained that the motion would ensure that every year these 7 functions would be voted on by the board.

Commissioner Elbich indicated that he believed that they should remain static and that members of the retirement board could simply vote to change anyone of them individually. Elbich stated that they could put in the centralized policy document for members. Ed Sweeny agreed with Commissioner Elbich and that these recommendations can be made a part of our policy of record.

Controller Pinsley suggested the motion be tabled until after the centralized policy document can be created and the board can review.

Tim Reeves made a motion to table his motion and Controller Pinsley seconded. Executive Armstrong concurred with Tim Reeves and Controller Pinsley.

Controller Pinsley took the roll call vote. The motion carried 7 yays and 0 nays.

#### **4. Citizen's Input**

Retiree Carol Barret, asked if there was a way to have retirees could be emailed the minutes, agenda and meeting information so that it will be easier for them to attend future meetings.

Controller Pinsley indicated that he would work with IT to create an email list so that retirees can be automatically added and send meeting information.

Ed Sweeny indicated that he wanted to create a retiree representative email address which would allow retirees to reach out and express their concerns to the board.

Commissioner Elbich asked whether they needed to address the asset allocation of the fund based on a previous presentation. Executive Armstrong explained that there would be a presentation about that from Chris Lakatosh at a future meeting.

## **5. Adjourn**

The meeting was adjourned.