

Minutes of the Lehigh County Retirement Board Meeting

Lehigh County Government Center Public Hearing Room

Thursday, February 5, 2015

9:30 A.M.

A meeting of the Lehigh County Employees' Retirement Board was held at 9:30 A.M. in the Public Hearing Room of the Lehigh County Government Center. Members present were Glenn Eckhart, Daniel McCarthy, Thomas Muller and Tim Reeves. Kevin Karpuk from Cornerstone also attended.

David Bausch, Vic Mazziotti and Brad Osborne were not present.

Thomas Muller, County Executive, called the meeting to order at 9:30 A.M.

Thomas Muller - In lieu of a roll call, three of our members are not able to be here. If anyone wasn't here for the meeting last week, Commissioner Osborne has replaced Commissioner Scheller in his new role as Chairman of the Board. He's unable to attend. Commissioner Mazziotti is unable to attend. David Bausch is in New York and also unable to attend. Otherwise your Board is here and there are enough of us, just barely as a quorum, so we can approve the minutes and things like that but not much else.

Thomas Muller called for a motion for acceptance of the minutes.

Glenn Eckhart made a motion to accept the January 29, 2015 Retirement Board minutes.

Daniel McCarthy seconded the motion.

Thomas Muller called for a voice vote for approval of the minutes from the January 29, 2015 Retirement Board Meeting.

All were in favor.

Minutes were approved unanimously.

Thomas Muller announced the investment policy is now on the Controller's Office page of the Lehigh County website. You can download it or read it. That has all been approved.

Kevin Karpuk from Cornerstone gave the 2014 returns on the retirement fund. Please see the Cornerstone handout attached to this email.

There were no questions for Kevin.

CITIZEN INPUT

Question: Constantine (Gus) Liadis - Aging

Any word on the new retirement calculations being on the intranet?

Timothy Reeves answered: It's not up yet. Obviously we're trying to manage that with IT's workload. We understand the importance of people getting the information in a timely manner so we'll run quotes for anybody who is in need of that in the meantime until we have it. We know that's a valuable tool for people to run. IT has been busy. We're hopeful to get that up in a timely manner.

Question: David Hemerly – Aging

Will you do new actuary figures for the old one – that usually takes about a month, usually the beginning of February it's up, the old way or will only the new stuff be put in?

Tim Reeves answered – No the goal is to do the new one. We have the actual software that the Hay Group who runs the actual calculation uses now. In the past we were running it based on our own numbers and figures which got you pretty close. This is allot more accurate and we're trying to tie it all together.

No other questions.

Thomas Muller called for a motion to adjourn.

Glenn Eckhart made the motion to adjourn.

Daniel McCarthy seconded the motion.

Thomas Muller called for a voice vote. All in favor.

Meeting adjourned at 9:40 A.M.

Next Retirement Board meeting is on Thursday, May 7, 2015.


Glenn Eckhart, Secretary

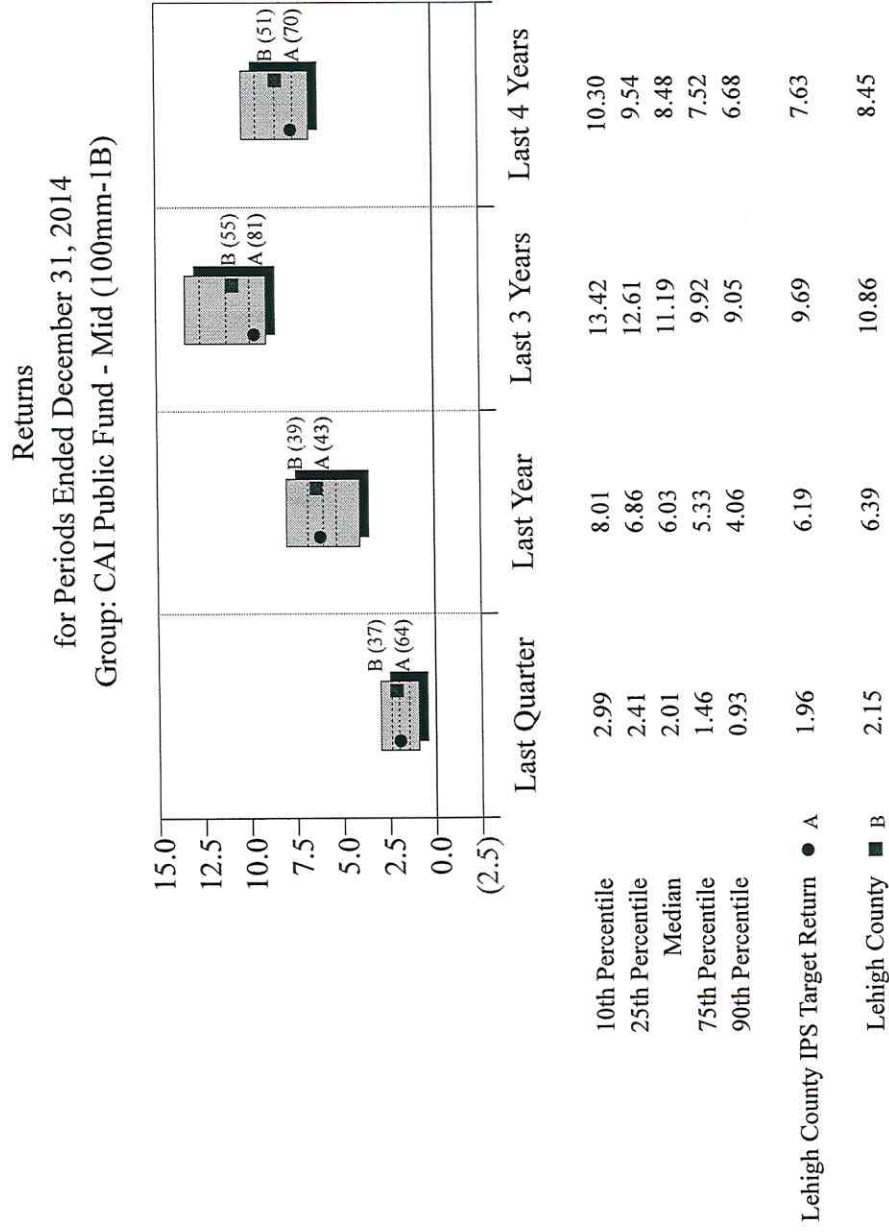
As of 12/31/2014

Asset Class Index Performance

	Return							Std Dev 3 Yr (Mo-End)	
	MTD	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Yr	
Not Classified									
S&P 500 TR USD	-0.25	4.93	13.69	13.69	20.41	15.45	7.27	7.67	9.10
Russell 3000 TR USD	0.00	5.24	12.56	12.56	20.51	15.63	7.54	7.94	9.42
NASDAQ Composite TR USD	-1.09	5.70	14.75	14.75	23.60	17.19	9.82	9.15	11.49
DJ Industrial Average TR USD	0.12	5.20	10.04	10.04	16.29	14.22	7.17	7.91	9.15
Russell 1000 Value TR USD	0.61	4.98	13.45	13.45	20.89	15.42	6.45	7.30	9.33
Russell 1000 Growth TR USD	-1.04	4.78	13.05	13.05	20.26	15.81	8.41	8.49	9.73
Russell 2000 Value TR USD	2.73	9.40	4.22	4.22	18.29	14.26	7.59	6.89	12.98
Russell 2000 TR USD	2.85	9.73	4.89	4.89	19.21	15.55	8.18	7.77	13.31
Russell 2000 Growth TR USD	2.97	10.06	5.60	5.60	20.14	16.80	8.73	8.54	14.02
MSCI EAFE NR USD	-3.46	-3.57	-4.90	-4.90	11.06	5.33	-0.47	4.43	13.21
MSCI ACWI Ex USA NR USD	-3.61	-3.87	-3.87	-3.87	8.99	4.43	-0.63	5.13	12.99
MSCI EM NR USD	-4.61	-4.50	-2.19	-2.19	4.04	1.78	-1.34	8.43	15.22
DJ Composite All REIT TR USD	0.98	12.29	27.29	27.29	15.78	16.05	7.64	7.18	12.50
Bloomberg Commodity TR USD	-7.63	-12.10	-17.01	-17.01	-9.43	-5.53	-7.59	-1.86	12.67
BofAML ABS Master Floating Rate TR USD	0.04	0.06	1.55	1.55	1.94	2.23	-1.15	-0.50	0.71
BofAML Convertible Bonds All Qualities	-0.90	1.76	9.97	9.97	16.52	11.99	8.84	7.72	7.82
S&P Preferred Stock TR USD	-0.26	2.16	14.07	14.07	10.55	8.96	7.44	4.68	5.56
Barclays US Treasury US TIPS TR USD	-1.13	-0.03	3.64	3.64	0.44	4.11	4.17	4.37	5.23
Barclays US Agg Bond TR USD	0.09	1.79	5.97	5.97	2.66	4.45	4.77	4.71	2.67
Barclays US HY Interm TR USD	-1.49	-1.12	1.85	1.85	8.07	8.65	8.37	7.43	4.49
Barclays Municipal 1-10Y Blend 1-12Y TR	0.03	0.57	4.66	4.66	2.61	3.70	4.26	4.00	2.22
Barclays Global Aggregate TR USD	-0.69	-1.04	0.59	0.59	0.73	2.65	3.55	3.60	3.99

Blended Index Performance

	Return							Std Dev 3 Yr (Mo-End)	
	MTD	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Yr	
Not Classified									
100% Equity (70.30)	-1.08	2.45	7.42	7.42	17.02	12.23	5.12	7.18	9.98
80% Equity, 20% Fixed Income	-0.85	2.32	7.18	7.18	14.10	10.83	5.33	6.91	8.03
60% Equity, 40% Fixed Income	-0.61	2.19	6.92	6.92	11.20	9.34	5.40	6.52	6.14
Cornerstone Base Case	-0.70	1.85	6.19	6.19	9.57	8.32	4.82	5.94	5.56
40% Equity, 60% Fixed Income	-0.38	2.06	6.63	6.63	8.33	7.78	5.33	6.02	4.38
20% Equity, 80% Fixed Income	-0.14	1.93	6.31	6.31	5.48	6.15	5.12	5.42	3.00
Liquid Alternatives	-1.37	0.32	4.41	4.41	3.67	4.44	2.24	3.02	4.87

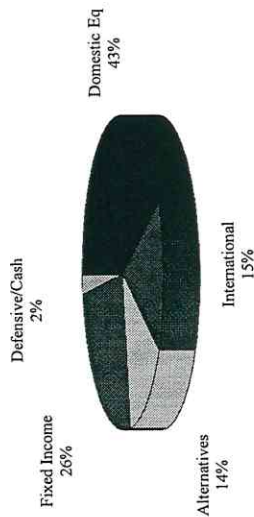


**Lehigh County Employees' Retirement System
Manager Performance Summary**

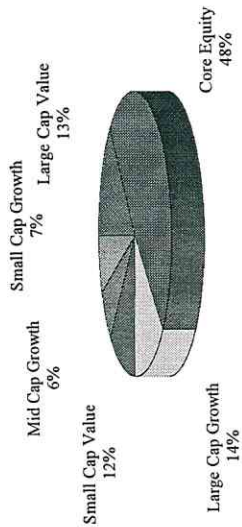
	<i>Quarterly Return 4th Quarter 2014</i>	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
Lomax - Large Cap Value	3.68%	\$25,407,140	\$26,341,995
Russell 1000 Value	4.98%		
Vanguard - Core Equity	4.93%	\$40,635,749	\$42,638,676
S&P 500	4.93%		
Philadelphia Trust - Core Equity	3.48%	\$50,414,765	\$52,168,942
S&P 500	4.93%		
SGA - Large Cap Growth	6.15%	\$25,817,294	\$27,405,994
Russell 1000 Growth	4.78%		
Vanguard - Small Cap Value	7.89%	\$21,104,660	\$22,769,458
Russell 2000 Value	9.40%		
Emerald - Mid Cap Growth	1.74%	\$12,169,579	\$12,381,594
Russell Mid-Cap Growth	5.84%		
Emerald - Small Cap Growth	12.33%	\$11,558,044	\$12,983,520
Russell 2000 Growth	10.06%		
Amer Funds EuroPac - International	-1.66%	\$22,655,108	\$22,278,017
MSCI ACWI Ex US	-3.81%		
Mondrian - International	-4.22%	\$27,486,552	\$26,277,070
MSCI ACWI Ex US	-3.81%		
Vanguard - International	-4.17%	\$24,089,481	\$23,085,809
MSCI EAFE	-3.57%		
CBRE Clarion - Real Estate	14.25%	\$11,378,765	\$12,999,810
FTSE NAREIT Equity REIT	12.94%		
Arbitrage - Alternatives	1.01%	\$11,944,615	\$12,065,288
CS:Risk Arb	-1.71%		
Nuveen Preferred Secs - Alternatives	1.10%	\$12,004,806	\$12,133,192
S&P Preferred Stock	2.16%		
CS Commodity - Alternatives	-11.88%	\$11,052,029	\$9,739,398
Dow AIG Commodity	-12.10%		
Jhancock Glob Abs Return - Alternatives	0.42%	\$12,087,536	\$12,137,788
HFRX Global Hedge Fund In	-1.74%		
MS Structured Note - Alternatives	0.55%	\$6,417,500	\$6,452,500
Structured Note Index	0.55%		
Agincourt - Fixed Income	1.64%	\$50,370,334	\$51,196,518
Barclays Capital Aggregate	1.79%		
CSMcKee - Fixed Income	1.68%	\$57,286,905	\$58,251,108
Barclays Capital Aggregate	1.79%		
Vanguard ST Inv Grade - Fixed Income	0.22%	\$8,311,600	\$8,328,990
Barclays US Corp 1-3 Yr	0.12%		
Misc Cash - Money Market	0.01%	\$611,206	\$672,186
30 Day MM Yield	0.01%		
Cash Account - Money Market	0.01%	\$5,060,386	\$8,989,283
30 Day MM Yield	0.01%		
Weighted Portfolio	2.15%	\$447,864,057	\$461,297,136
Rate of Return Blended Benchmark	2.26%		

Lehigh County Employees' Retirement System Equity Summary - Style & Capitalization

Current Portfolio

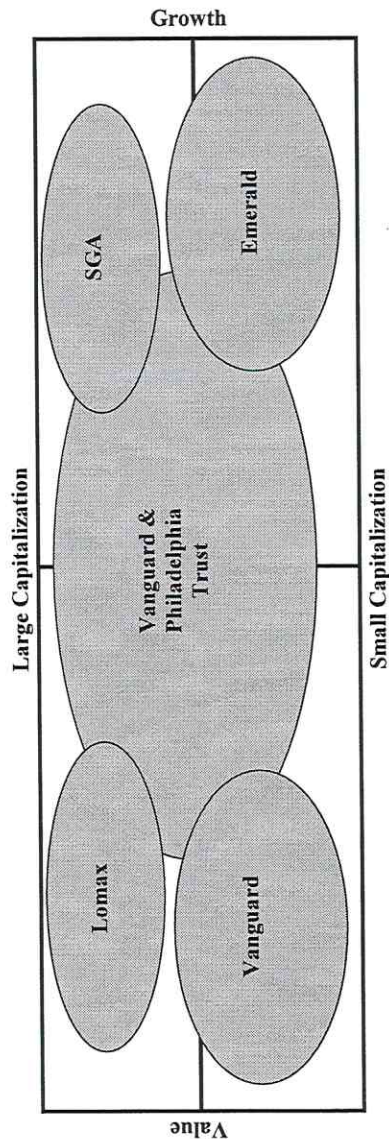


Current Equity Portfolio



	Market Value	Target	% of Portfolio	Deviation	Estimated Yield
Domestic Eq	\$196,690,179	35.0%	42.6%	7.6%	1.9%
International	\$71,640,896	15.0%	15.5%	0.5%	2.9%
Alternatives	\$65,527,976	10.0%	14.2%	4.2%	2.4%
Fixed Income	\$117,776,616	35.0%	25.5%	-9.5%	3.1%
Defensive/Cash	\$9,661,469	5.0%	2.1%	-2.9%	0.0%
	\$461,297,136	100.0%	100.0%	0.0%	2.4%

	Market Value	Target	% of Equity	Deviation
Large Cap Value	\$26,341,995	14.3%	13.4%	-0.9%
Core Equity	\$94,807,618	51.4%	48.2%	-3.2%
Large Cap Growth	\$27,405,994	14.3%	13.9%	-0.4%
Small Cap Value	\$22,769,458	10.0%	11.6%	1.6%
Mid Cap Growth	\$12,381,594	5.0%	6.3%	1.3%
Small Cap Growth	\$12,983,520	5.0%	6.6%	1.6%
	\$196,690,179	100.0%	100.0%	0.0%



Lehigh County Employees' Retirement Plan

Monthly Flash Report

	<i>Monthly Return January-2015</i>	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
Lomax	-4.22%	\$26,305,123	\$25,195,261
Russell 1000 Value	-4.00%		
Vanguard Institutional Index	-3.00%	\$42,638,676	\$41,359,538
S&P 500	-3.00%		
Philadelphia Trust	-3.54%	\$52,131,033	\$46,287,586
S&P 500	-3.00%		
Sustainable Growth Advisors	-2.56%	\$27,372,728	\$25,671,317
Russell 1000 Growth	-1.53%		
Vanguard SCV Index	-3.31%	\$22,769,458	\$22,016,156
Russell 2000 Value	-4.16%		
Emerald	-0.80%	\$12,379,840	\$10,781,308
Russell Mid-Cap Growth	-1.68%		
Emerald Advisors	-2.00%	\$12,981,453	\$12,721,404
Russell 2000 Growth	-2.28%		
American Funds EuroPac	1.04%	\$22,278,017	\$23,526,870
MSCI EAFE	0.50%		
Vanguard Developed Mkt Idx I	0.99%	\$23,085,809	\$23,313,256
MSCI EAFE	0.50%		
CSMcKee	2.10%	\$57,898,463	\$59,113,303
Barclays Capital Aggregate	2.10%		
Agincourt	2.09%	\$50,798,032	\$54,861,274
Barclays Capital Aggregate	2.10%		
CBRE Clarion	6.56%	\$12,936,163	\$12,784,288
Dow Jones US Total Market REIT Index	5.70%		
Liquid Alternatives	-0.53%	\$52,414,897	\$54,280,899
Blended Alternatives Benchmark	-0.59%		
Vanguard ST Investment Grade	0.82%	\$8,303,252	\$9,877,950
Barclays US Corp 1-3 YR	0.56%		
Cash Account	0.00%	\$9,674,437	\$7,761,164
30 Day MM Yield	0.00%		
Weighted Portfolio	-0.56%	\$433,967,381	\$429,551,574
Rate of Return Index	-0.64%		

Assets Not Valued Daily

	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
Mondrian Intl	\$27,406,212	\$26,277,070

Grand Total

\$461,373,592	\$455,828,643
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2015 YTD Performance

Portfolio	-0.56%
Net Portfolio	-0.59%
Index	-0.64%

The values on this report are collected from electronic interfaces and released before an audit function can occur. These values are not final. Differences may include, but are not limited to, pending trades, accruals, mispricing, or custodian error.