

Minutes of the Lehigh County Retirement Board Meeting  
Lehigh County Government Center Public Hearing Room

Tuesday, February 4, 2020

9:30 AM

A meeting of the Lehigh County Retirement Board was held at 9:35 AM at the Lehigh County Government Center, in the Public Hearing Room. Board members present were Phillips Armstrong, Bob Elbich, Amy Zanelli, Tim Reeves, Ed Hozza, Ed Sweeney and Mark Pinsley.

Chris Lakatosh of Cornerstone Asset Management was also present.

Phillips Armstrong, Retirement Board Chairperson, called the meeting to order.

The meeting was recorded for the public record.

OLD BUSINESS

Meeting Minutes approval from January 28, 2020.

Chairperson Armstrong requested a motion to approve old minutes.

Amy Zanelli made the motion. Bob Elbich, second.

Minutes approved with 7 yeases.

NEW BUSINESS

Chris Lakatosh explained the following current status of the pension plan.

He explained that 2019 was a strong year overall and the pension plan was at about 19% at the end of the year, in the 4th quarter alone attributed about \$25 million to the appreciation of the overall plan.

We were slightly under benchmark for the 4th quarter but explained that this was a strong performance and is performing well relative to peers. Performance was in the top 19th percentile.

We ended the year 41.5% of the money in domestic equities, 15.6% in international, 25.7% in fixed income, about 16% in alternatives, and about 2.5% in cash.

We've held a mandate where a larger exposure of our equities are in the U.S. market, will maintain that exposure but might ease into the international market a little bit more: opportunity from an evaluation perspective.

Ended the year around \$544 million. Beginning quarter was about \$511 million, attributed to income and growth in the portfolio.

Contributions since inception have been \$114 million. Income generated by portfolio investments has been almost \$91 million. Together, \$205 million worth of growth in the pension plan.

Withdrawals have been about \$212 million; slightly negative cash flow but not significant.

Maintained quite well compared to other municipalities, indicating strength for the pension plan overall.

Shared manager matrix with relative returns vs. their benchmark: 15-20 managers in the portfolio, this shows quarter-to-quarter how they have ultimately performed.

January was a little volatile, a big sell-off in the marketplace at the end of the month contributed to a 37 base point negative return to start the year. Had we not had that, returns would have been positive by 1 to 1.5%.

Summarized by saying the pension plan is in great shape from an actuarial perspective and reflects lots of positives for where the pension plan is moving forward.

Chairperson Armstrong requested questions from the Board and floor.

Catherine Roseberry asked what percent of funding the pension plan is at right now.

Chris Lakatosh said 86.5%, is based on a challenging 2018.

Chairperson Armstrong said that this is his third year working with Cornerstone and thanked them for presenting information in an accessible way that has helped the board make decisions.

Chairperson Armstrong asked for a motion to appoint Cornerstone as our new manager of the Lehigh County 457 Plan.

Ed Hozza made the motion, Amy Zanelli second. The vote was 7-0.

Chairperson Armstrong requested any additional motions or citizen input.

Chairperson Armstrong moved to adjourn, Amy Zanelli second. All in favor.

The meeting was adjourned at 9:42 AM.