



Lehigh County Retirement Board Meeting

PUBLIC MEETING

MINUTES

November 15th, 2022

1. CALL TO ORDER: 9:30 AM

ATTENDEES:

Lehigh County Executive Phillips Armstrong (**Chairman**) **Absent**
Director of Administration, Ed Hozza (**Executive Appointee**)
Commissioner, Geoff Brace (**President Board of Commissioners**)- **Absent**
Commissioner, Bob Elbich (**Commissioner Appointee**)
Lehigh County Controller Mark Pinsley (**Secretary**)
Joseph Reichard (**Retiree Representative**)
Fiscal Director, Tim Reeves (**Employee Representative**)
John Paul Cavaliere, Senior Consultant Cornerstone

2. OLD BUSINESS

Approval of Old Minutes

Director of Administration Ed Hozza asked for a motion to approve the meeting minutes from August 2nd, 2022. Employee Representative Tim Reeves made the first motion and Controller Pinsley seconded it.

3. NEW BUSINESS

Pension Fund Update

John Paul Cavaliere provided an update on the pension fund. Mr. Cavaliere noted it was a difficult 3rd quarter from a market perspective and it continues to be year-to-date. Equities is down 5% and fixed income is down almost 4%. The portfolio through the end of the 3rd quarter was down 4.69% which is up about 5 basis points versus blended benchmark of 4.74%. On the calendar year, returns through the end of the 3rd quarter was down about 18.8% versus blended benchmark of 19.1%, which is a 30-basis points outperformance year-to-date.

Asset Allocation

There was an overweight to domestic equities, that has proven to be beneficial compared to international. Fixed income has been a frustrating asset class. Having an underweight has helped out particularly when having an overweight to alternatives to offset some of that underperformance.

Historical Cashflow

Since inception, there has been \$140 million in contributions, \$306 million in withdrawals or benefit payments, the income of \$123 million, and the change in market value of \$211 million. Changes in market value plus income outpaced the withdrawals (benefit payments going out). This is a good thing in terms of the portfolio's health. Ending market value is off the high of \$600 million, but will gain some of that back in October, which are highlighted below.

Manager Performance

A lot of the managers have seen negative returns in terms of where they operate in the capital markets. A couple of the alternative managers have proven to be beneficial as some have had positive returns relative to their benchmarks. No changes right now.

October Performance

Market rebounded in October, which the pension was able to participate well in the rebound. Equities were up 9.4% for US equities, international equities were 5.5%, fixed Income was flat to negative, and alternatives were up 2.5%. The total portfolio was up for the month of October of 5.15% versus blended benchmark of about 4.56%, picking up about 55-60 basis points. Year-to-date through October is off -14.83% versus a blended benchmark of -15.78% with a total market value of \$527,192,890 through the end of October.

Approval of 2023 Pension Board Meeting Dates

Ed Hozza asked for a motion to approve the 2023 Pension Board Meeting dates. Commissioner Elbich made the first motion and Controller Pinsley seconded.

4. Citizen's Input

There was no citizen's input.

5. Adjourn

The meeting was adjourned.