



BLAIR COUNTY RETIREMENT BOARD

c/o Blair County Controller, 423 Allegheny St., Ste 141 Hollidaysburg, PA 16648

Blair County Retirement Board Meeting

September 4, 2024 at 9:00 a.m.

In the Commissioners' Public Meeting Room

Board Members in Attendance:

Commissioner David Kessler, Commissioner Laura Burke, Treasurer James Carothers, Deputy Controller Angela Wagner

Non-Board Members in Attendance:

Sherry Socie, Pat Wing – Marquette Associates, Brad Hampton – Marquette Associates

Board Members not in Attendance:

Commissioner Amy Webster, Controller A. C. Stickle

Media in Attendance:

Quorum: Present

Call to Order: Commissioner David Kessler called the meeting to order at 9:00 a.m.

Moment of Silent Refection: Led by Commissioner Kessler.

Pledge of Allegiance to the Flag: Led by Commissioner Kessler.

Roll Call: The roll was called by Commissioner Kessler.

Call for Public Comment: Commissioner Kessler called for public comment on Retirement Board agenda items. There were no comments.

Approval of Minutes: A motion was made by Commissioner Kessler and seconded by Treasurer Carothers to approve the minutes from the July 3, 2024 Retirement Board meetings. The motion was unanimously carried.

Marquette Associates: Quarterly Investment Performance Report: Pat Wing & Brad Hampton from Marquette Associates presented the Second Quarter 2024 Investment Performance Report, reviewing the global economic environment, capital markets performance, and the Retirement Fund (the "Fund").

The Fund had an investment return of +1.4% for the quarter (all returns are net of investment management fees), which was slightly behind the policy benchmark of 1.8%. Mr. Wing noted, the return in the second quarter, equated to over \$ 500 thousand in investment gains. During the quarter, the Fund benefited from its largest position in the Vanguard Total Stock Mark Index, while a slight value tilt in the U.S. equity holdings detracted from performance. Non-U.S. Equity managers performed strongly during the quarter. Interest-rate sensitive areas of the portfolio, such as Real Estate & Listed Infrastructure, each struggled in the second quarter when compared with equity returns. With a volatile interest rate environment to start the year, the fund benefited from positions in Private Credit and High Yield, which were the two of the best performing areas of the fixed income & loan market.

Meeting of September 4, 2024 continued.

Mr. Wing reviewed the current asset allocation, noting the overweight to U.S. equities given the strong relative outperformance of the asset class. Mr. Wing reviewed the cash flows for the quarters, noting that the fund harvested gains from U.S. equities year-to-date, while using the proceeds to rebalance into fixed income, along with providing liquidity for the monthly benefit needs. Mr. Wing reviewed the funds peer group rankings in a national database of public funds of all sizes. Mr. Wing noted the fund ranked in the top 30th percentile during the quarter. Over the trailing three-years, the fund is performing in the 24th in the same national database.

Mr. Wing reviewed the manager performance, noting the U.S. equity composite lagged the index by 0.8% during the quarter, largely due to the performance concentration within a handful of stocks in the index. Mr. Wing noted the value-tilt detracted in the U.S market but benefited in the Non-U.S. equity composite. Mr. Wing concluded the 2nd quarter review with a review of the Real Estate environment as the market continues to assess property valuations, while rental income has offset some of the write downs over the past 12 months. Mr. Wing noted that office transactions continue to weigh on performance as the funds have sold office properties this year, which locked in the valuation write downs. Mr. Wing concluded that the market overall is showing signs that the worst of write downs is nearing.

Mr. Hampton reviewed a July performance update. Mr. Hampton noted that much of what went against the fund during the 2nd quarter, was beneficial in July. Value outperformed growth, and a broadening out from the largest 5 companies in the U.S. occurred during the month. Mr. Hampton noted that the Small- & Mid-Cap exposure was the best performing equity exposure, while interest rate sensitive assets, such as dividend equities, infrastructure, real estate, and fixed income all performed well.

Fixed Income Manager Review: Mr. Hampton presented a review of the Fund's fixed income exposure, which is currently passively managed between two funds. Mr. Hampton noted that fixed income is an area that an active manager could provide long-term value to the Fund. Mr. Hampton reviewed an active manager search within Intermediate Fixed Income between two strategies. Baird & Loomis Sayles were reviewed on their investment merits, historical track record, fee structure, and risk management. Mr. Hampton noted that Baird's attributes & fee structure were attractive relative to Loomis Sayles. Mr. Hampton also discussed an implementation plan that would offset the addition of an actively managed fund within the total portfolio. Mr. Hampton discussed the current portfolio management fees were approximately 0.26%, with the implementation plan, the approximate management fees for the Fund would be approximately 0.27%.

After discussion by the Board, a motion was made by Commissioner Kessler, seconded by Commissioner Burke, and unanimously carried to approve the active manager proposal with Baird Intermediate Bond fund and the described in the implementation plan.

Rebalancing Proposal: The Controller's Office determined that \$300,000 is needed from the Fund to meet October distribution payments. Mr. Hampton presented a rebalancing option to the Board that proposed a redemption of \$300,000 from the current cash balance.

This would accomplish multiple goals. First, the rebalancing would keep the Fund's asset allocation close to the targets as set forth in the Investment Policy Statement. Second, the rebalance proposal would restructure the fund as proposed to add Baird Intermediate Bond fund, while implementing the rebalancing to control the Fund's overall management fees.

After discussion by the Board, a motion was made by Commissioner Kessler, seconded Treasurer Carothers, and unanimously carried to approve the proposed rebalancing.

Administrative Fees: No administrative fees for this month.

Meeting of September 4, 2024 continued.

Litigation Checks: No litigation checks received this month.

Applications for Membership, Retirements, Refunds, Rollover, and Beneficiary Payments for July and August 2024 were set forth in the agenda for the information of the board.

Contributions made to the Retirement Fund in 2024 were set forth in the agenda for the information of the Board.

Totals for the Monthly Retirement Distribution for 2024 were set forth in the agenda for the information of the Board.

The Monthly Financial report will be provided once available.

Adjournment: There being no more business to discuss a motion was made by Commissioner Kessler to adjourn and was seconded by Commissioner Burke and unanimously carried, the meeting was adjourned at 9:47 a.m.

**The next regular meeting of the Retirement Board will be
October 2, 2024 at 9:00 a.m. in the Commissioner's Public Meeting Room.**

Respectfully Submitted,



August C. Stickel IV
Secretary