



BLAIR COUNTY RETIREMENT BOARD

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

Blair County Retirement Board Meeting

May 4, 2022 at 9:00 a.m.

In the Commissioners' Public Meeting Room

Board Members in Attendance:

Commissioner Bruce Erb, Commissioner Laura Burke, Commissioner Amy Webster, Treasurer Jim Carothers, Deputy Controller Angela Wagner

Board Members not in Attendance:

Controller A.C. Stickel

Non-Board Members in Attendance: Lindsey Dempsie, Nicole Hemminger, Allison Senkevich, Patrick Wing; Marquette Associates

Media in Attendance:

Kay Stephens, Altoona Mirror

Quorum: Present

Call to Order: Commissioner Bruce Erb called the meeting to order at 9:00 a.m.

The roll was called by Tracy Miller.

Commissioner Erb announced he, Commissioner Burke, Controller Stickel, Treasurer Carothers, Chief Clerk Nicole Hemminger, and Human Resources Director Katherine Swigart, attended an Executive Session on April 25th, 2022 at 9:30 a.m. to discuss potential litigation.

Call for Public Comment: Commissioner Erb called for public comment on Retirement Board Agenda items. There were no comments at that time.

Approval of Minutes: A motion was made by Commissioner Burke and seconded by Commissioner Erb to approve the minutes from the April 6, 2022 Retirement Board Meeting. The motion was unanimously carried.

Quarterly Performance Review: Pat Wing from Marquette Associates presented the First Quarter 2022 Investment Performance Report, reviewing the global economic environment, capital markets performance and the Retirement Fund (the "Fund").

The Fund had an investment return of **-3.4%** for the quarter (all returns are net of investment management fees), slightly outperforming its policy benchmark return of **-3.5%**. Outperformance by the Fund was driven by value tilts within U.S. and Non-U.S. equities and outperformance by the Private

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Credit / High Yield managers, particular Partners Group. For the quarter, the Fund ranked in the top 7% in a national database of public funds of all sizes.

Over the past year, the Fund had an investment return of 6.8% (net of investment management fees), outperforming its policy benchmark by 0.7 percentage points (6.8% vs. 6.1%).

Non-US Equity Discussion: Per discussion at the January Retirement Board meeting, Mr. Wing presented an overview Non-US Equities. First, he reviewed the recent performance of Non-US developed markets relative to emerging markets. The latter has underperformed across all short-, intermediate-, and long-term time periods. This underperformance has been helpful for the Fund since one of the Non-US equity managers (MFS) has little exposure to emerging markets. However, given the underperformance of emerging markets equities, Mr. Wing explained that they now have relatively attractive valuations compared to Non-US developed equities. More specifically, history suggests that emerging markets equities may outperform Non-US developed equities by about four percentage points on an annualized basis over the next decade.

Given the above, Mr. Wing recommended the Board consider eliminating the underweight to emerging markets equities within the Fund's Non-US Equity allocation. He then presented two investment managers for the Board's consideration—DFA Emerging Markets Core Equity Fund and Fidelity Emerging Markets Equity Index Fund, reviewing:

- An overview of their characteristics;
- Investment processes;
- Regional allocations;
- Sector allocations; and
- Historical returns

He finished the overview by discussing the pros and cons of each manager and noting that, even though DFA was the more expensive of the two options, the Fund would actually experience a slight decrease in overall fees since the expense ratio for DFA was lower than the investment funds (MFS and Schroder) from where the money would be sourced for an investment into DFA.

After discussion by the Board, a motion was made by Treasurer Carothers, seconded by Commissioner Burke, and unanimously carried to add a dedicated emerging markets equity manager to the Retirement Fund.

Rebalancing Proposal: The Controller's Office has determined that \$100,000 is needed from the Fund to meet May distribution payments. Mr. Wing presented a rebalancing option to the Board that proposed a redemption of \$250,000 from the Vanguard Short-Term Bond Index Fund, a redemption of \$65,000 from the Federated Hermes High Yield Bond Fund, a redemption of \$35,000 from Cash, a redemption of \$350,000 from the MFS International Intrinsic Value Fund, a redemption of \$350,000 from the Schroders International Multi-Cap Equity Trust, a purchase of \$250,000 of the Vanguard Total Stock Market Index Fund, and a purchase of \$700,000 of the DFA Emerging Markets Core Equity Fund.

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, it would raise the necessary liquidity to meet May distribution payments. Finally, it would add a dedicated emerging

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markets investment manager to eliminate the Fund's underweight to emerging markets within Non-US Equities.

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

Applications for Membership, Retirements, Refunds, and Rollover Payments: A motion was made by Deputy Controller Wagner and seconded by Treasurer Carothers that the applications for membership, retirements, refunds and rollover payments be accepted as set forth in the agenda. The motion was unanimously carried.

Administrative Fees: No Administrative Fees received this month.

Litigation Checks: Litigation checks received this month are set forth in the agenda for the information of the board.

Monthly Financial Report: Deputy Controller Wagner provided the April 2022 financial report for the information of the board.

Totals for the Monthly Retirement Distribution for 2022 were set forth in the agenda for the information of the board.

Contributions made to the Retirement Fund in 2022 were set forth in the agenda for the information of the board.

Adjournment: There being no more business to discuss, the meeting was adjourned at 10:11a.m.

**The next regular meeting of the Retirement Board will be held on June 1, 2022
At 9:00 a.m. in Commissioners' Public Meeting Room.**

Respectfully Submitted,



August C. Stickel IV
Secretary